Austria ... Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain ... Din 0.650	Italy ...... L 1700	S. Arabia .. Rls 6.00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ..... Pta 95
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 20
Denmark .. Dkr 7.00	Lebanon .. LL 6.00	Sweden .. Skr 6.50
Egypt £E1.60	Luxembourg . LFr 35	Switzerland . SFr 2
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan ... NT $35
France .. FFr 9.50	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.25	U.A.E. .. Dh 6.50
Hong Kong . HK$ 12	Norway .. NKr 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,192 — Friday December 9 1983 — D 8523 B

Bonn fails to tame a maverick, Page 2

NEWS SUMMARY

GENERAL

Swiss socialists 'may quit coalition'

The Swiss Social Democrats may hold an extraordinary party congress to consider whether to stay in the country's coalition government.

After the failure of its official candidate, Dr Lilian Uchtenhagen, to achieve election to a ministerial post at a joint session of parliament, the party has decided to hold an executive committee meeting tomorrow.

Party chairman Herr Helmuth Hubacher indicated that the committee could decide to convene the congress, and said the question of quitting the coalition was "still open." Page 14

Lambsdorff charges

Formal charges of taking bribes were filed against West German Economics Minister Count Otto Lambsdorff.

Madrid controversy

Wednesday's fatal aircraft collision in Madrid has aroused charges of irresponsibility and negligence about security. Page 2

Gulf war claim

Iraq said it had sunk six more ships at the north end of the Gulf and repeated its warning to all vessels to avoid war zones.

Walesa under fire

Polish authorities described Solidarity leader Lech Walesa's plea to the West to end economic sanctions as "pitiful." His wife is to receive his Nobel Prize in Norway this weekend. Page 2

Portugal base talks

Last-minute talks are being held in Portugal on continued U.S. use of the Lajes air base in the Azores. Page 2

Hersant's defence

French press magnate Robert Hersant criticised a new law against newspaper monopolies, saying his publishing group made him "Mister Pluralism" of the provincial French press.

$11m theft verdict

Two men were found guilty of taking part in the biggest cash robbery in the U.S., an $11m theft in New York a year ago. A third was found guilty of hiding some of the money, and a fourth was acquitted.

English fans jailed

Luxembourg jailed 13 English football fans for up to four months after violent clashes in the city at an international match three weeks ago.

Columbia delayed

Two computers aboard the U.S. space shuttle Columbia failed, delaying its scheduled landing for several hours.

Carrier banned

Australia banned the British aircraft carrier Invincible from dry dock repairs because it refused to say if it was carrying nuclear weapons.

Ex-Premier dies

Sir Keith Holyoake, New Zealand Premier in 1957 and from 1960 to 1972, and Governor-General 1977-1980, died at 79.

Dissident speaks out

Soviet dissident Oleg Radinsky, whose sentence of internal exile was cited by President Reagan as an example of Soviet injustice, sent the president an open letter attacking his policies and rejecting his help.

BUSINESS

European market indices at peaks

● LONDON: FT Industrial Ordinary index closed 6.6 up at a record 780.2, on continuing economic optimism. Paris market indices were also at highs for the year, and the Amsterdam held at Wednesday's peak. Page 14; Report, Page 25; FT Share Information Service, Pages 26, 27

● GOLD was up $2.25 in London at $402.125, its performance helping to push the Gold Mines index up 11.5 to 592.3. Gold rose $1.5 in Frankfurt to $401.25 and $0.875 in Zurich to $400.875. In New York, the Comex December settlement was $388.9 ($403.4). Page 30

● STERLING slipped 5 points in London to a record low of $1.4415. It improved to DM 3.945 (DM 3.9425), SwFr 3.165 (SwFr 3.16) and FFr 11.9725 (FFr 11.955) and was unchanged at Y337.75. Its trade-weighted index was 82.5, against 82.9. In New York it closed at $1.4385. Page 31

● DOLLAR rose in London to DM 2.7335 (DM 2.733), SwFr 2.1915 (SwFr 2.18925) and FFr 8.3025 (FFr 8.2925) but was easier at Y233.925 (Y233.95). Its trade-weighted index was 129.7 (129.6). In New York it closed at DM 2.7385, SwFr 2.197, Y234.15 and FFr 8.3075. Page 31

● WALL STREET: Dow Jones industrial average closed 11.89 down at 1,261.89. Report, Page 21; full share listings, Pages 22-24

● TOKYO: Nikkei Dow index rose 56.94 to 9,461.03. Stock Exchange index was 1.78 up at 699.61. Report, Page 21; Leading prices, other exchanges, Page 24

● PEUGEOT-TALBOT's Poissy plant near Paris was hit by a 24-hour strike protesting at the car maker's redundancy plans.

● AUSTRALIAN gross domestic product grew by 4.4 per cent in the September quarter, confirming hopes of strong economic growth. Page 4

● NISSAN, motor company of Japan says it wants to go ahead with its long-delayed plan to build a car plant in Britain and will decide finally this month.

● EAST GERMANY'S draft budget plans 4.4 per cent growth next year, one of the highest rates in Comecon. Military spending is to rise 7.2 per cent. Page 2

● AUSTRALIAN coal industry nearly doubled its borrowings, to A$3bn (U.S.$2.76bn), in 1982-83, a survey said. Page 16

● BRITISH private industry has been slow to take up cheap EEC loans: only 228 received them this year, against 2,000 in Italy. Page 14

● CITIBANK of the U.S. is believed to be the front-runner to take over Biscayne Federal, the ailing Florida savings and loan bank. Page 15

● CHRYSLER CORP of the U.S. said chairman and chief executive Lee Iacocca accepted an offer to stay with the company for three years or more. He will receive 150,000 common shares – currently worth $4.24m – after three years.

● SAATCHI & SAATCHI, UK advertising agency, doubled pre-tax profit to £11.21m ($16.2m) in the year to end September. Page 18

● EASTERN AIRLINES, troubled U.S. carrier, is expected to announce today that it has agreed with unions on substantial wage cuts. Page 14

● METALLGESELLSCHAFT, West German metals, process plant and chemicals concern, is omitting its dividend for the second successive year. Page 14

Thatcher at odds with Regan on interest rates

BY PETER RIDDELL AND MAX WILKINSON IN LONDON

U.S. interest rates are likely to remain at their present high levels at least until next spring, Mr Donald Regan, the U.S. Treasury Secretary, said in London yesterday.

His remarks, at a press conference, came almost at the same time as Mrs Margaret Thatcher, the British Prime Minister, was launching her most outspoken attack on U.S. economic policies and their effect on world interest rates.

Immediately after their public statements the two met for talks at No 10 Downing Street, the Prime Minister's residence.

This open breach follows much more discreet disagreements when Mrs Thatcher met the U.S. President, Mr Ronald Reagan, at the Williamsburg summit in July and again in Washington just after the International Monetary Fund's annual conference in September.

Mrs Thatcher's open attack, in the House of Commons yesterday, is likely to be strongly supported by other European leaders in private meetings in Brussels in the next few days.

She said the large U.S. budget deficit was "causing high interest rates which are extremely damaging to this country and other European countries and are in fact preventing us from getting the amount of investment we should have here by withdrawing a lot of capital to the U.S."

Mrs Thatcher's comments echoed a similar message given by Herr Helmut Schmidt, the former West German Chancellor, on Wednesday. He said the drain of capital from Europe to the U.S. was becoming so serious that controls might be needed to curb it.

Mr Regan said at his press conference, however, that it was very unlikely that the U.S. Federal Reserve board would significantly loosen its monetary policy, if the U.S. economy continued its expected rate of recovery during the early part of 1984.

In that case he said, interest rates would not be likely to fall. The U.S. Administration did not, however, want to "repeat the mistake of 1980-81" and risk overheating the economy by a premature relaxation of monetary policy.

Mr Regan told journalists, as he undoubtedly told Mrs Thatcher a few minutes later, that the U.S. budget deficits now expected in future years were much too high. He said there was "no way" that the Administration could tolerate deficits of such size.

In the Commons Mrs Thatcher said the U.S. deficit would "cause great trouble within 12 months."

In answer to a somewhat mischievous question from Mr Peter Tapsell, a Tory backbencher, she said the U.S. had "a fantastic balance of trade deficit in contrast to the figures for this country."

Britain's current account surplus was £1.2bn so far this year, she said.

Editorial comment, Page 12; Currency crisis prediction, Page 3

Soviet Union fails to set new Start talks date

By Bridget Bloom in Brussels and Anthony Robinson in London

THE FUTURE of the U.S.-Soviet strategic arms reduction (Start) talks was plunged into doubt yesterday when the Soviet delegation walked away from the final meeting of the current negotiating session in Geneva without agreeing a date for their resumption in the new year.

A Soviet statement later explained that the deployment of new U.S. missiles in Western Europe had "changed the global strategic situation." This made it necessary for Moscow to review all the problems and "therefore no date for a resumption of the negotiations has been set."

Nato foreign ministers yesterday unanimously appointed Britain's Lord Carrington to succeed Mr Joseph Luns of the Netherlands as the alliance's secretary-general. Lord Carrington, 64, the former British foreign and defence minister, is due to take over next June.

Mr Edward Rowny, the chief U.S. negotiator, made clear that the U.S. regretted the Soviet decision and did not accept Soviet assertions that developments outside the scope of the Start negotiations required the Soviet Union to withhold agreement on a resumption date.

He said the U.S. had proposed continuing the talks in February after a normal two-month break, and added that he hoped the Soviet side would soon agree a date for resuming "talks which are in the interests of both our nations and the entire world."

The U.S. side had shown flexibility throughout the Start talks and had taken into account concerns expressed by the Soviet side, he said. "We have offered to discuss trade-offs between areas of U.S. and Soviet interests and advantages and are prepared to continue to negotiate in this manner towards a mutually acceptable agreement."

Senior Nato officials attending the Nato Special Consultative Group (SCG) meeting in Brussels expressed similar willingness to continue negotiations in the parallel Intermediate Nuclear Force (INF) talks, broken off unilaterally by the Soviet side in November 23.

Mr Richard Burt, U.S. assistant Secretary of State, who chaired the

Continued on Page 14

Nato's Polish sanctions, Page 2

Iran pressure delays Opec pricing accord

BY RICHARD JOHNS IN GENEVA

IRAN'S insistence on a public commitment to the principle of a $34 per barrel crude oil reference price badly snarled progress towards agreement at the Organisation of Petroleum Exporting Countries' (Opec) ministerial conference in Geneva yesterday.

Reaffirmation of the current price of $29, a ceiling of 17.5m barrels a day on collective output, and individual members' quotas, all agreed in March, looked assured until Mr Mohammed Gharazi, Iranian Minister of Oil, pressed a seemingly semantic issue – but one, in reality, of highly charged political significance.

Iran wants the communiqué issued at the end of the meeting to say that the revenue losses from the $5 per barrel price cut in the spring must be recouped and an explicit statement made ruling out any further reduction.

Other members oppose making such concession on the grounds that it might imply a pledge to restore oil prices to their former level when the market patently cannot justify any increase, unless the organisation as a whole is to suffer a potentially disastrous loss in overall production.

Other delegations expressed the belief that Mr Gharazi and his colleagues were hamstrung by very strict instructions from the clerical junta in Tehran, which is not known for its pragmatism.

At the same time they recognised that the Iranian delegation was seeking to extract a binding pledge from Saudi Arabia to limit its production to no more than 5m b/d. On that score, Iran apparently had wide support from the 13-member association because the Kingdom has been mainly responsible for the output in excess of the agreed ceiling.

Nevertheless, the problem looked to be essentially an ideological one. Particular significance was attached to the sermon preached by Hajoteslam Hashemi Rafasanjani, speaker of the Iranian parliament, and one of the leading figures in the regime, in the grounds of Tehran University last Friday.

He said Mr Gharazi, "speaking on behalf of the deprived people of the region, should ask Opec to compensate for the crime of reducing oil prices by returning the oil price at

Continued on Page 14

UK North Sea drilling at peak level, Page 10

Peacekeeping forces to stay on in Lebanon

BY BRIDGET BLOOM IN BRUSSELS

THE FOREIGN Ministers of the U.S., Britain, France and Italy yesterday reaffirmed their determination to keep their peacekeeping troops in the Lebanon despite the deteriorating security situation there.

The Italians, however, indicated that they would like to reduce their force from its present strength of 2,200 to the original number of 1,100, and in Washington Mr Larry Speakes, the White House spokesman, said the U.S. was considering plans to move its marines from the vicinity of Beirut airport to safer ground.

The four ministers, meeting for the first time since the U.S. bombed Syrian positions in Lebanon last Sunday, reaffirmed the right of each nation's contingent to act in self-defence.

However, Mr George Shultz, the U.S. Secretary of State, accepted that the system of consultations between the four countries, particularly at political level, could be improved.

Mr Donald Rumsfeld, President Reagan's special envoy in the Middle East, is being given a co-ordinating role for the U.S. While the national contingents would not be bound to consult on military action taken in self-defence, the four ministers agree that there should be more frequent political consultation.

According to both U.S. and British officials, there was no discussion of possible changes in structure or size of the multinational force, nor of its mandate. However, it seems clear that the latest British and Italian anxieties, stemming from the U.S. bombing, were conveyed to Mr Shultz.

Both Sig Giulio Andreotti, the Italian Foreign Minister, and Sir Geoffrey Howe, of Britain, have had separate bilateral meetings with the U.S. Secretary of State.

There was some confusion on the intentions of the Italian Government in relation to the current size of its contingent. Sig Andreotti was reported as saying that Italy would like to reduce its force to the original number of 1,100.

However, a spokesman for Sig Andreotti said later that such a move was not imminent. The force had been increased for military rather than political reasons – Italy for example has no supporting aircraft to protect its force – but it would not be reduced if there was any danger of upsetting the reconciliation talks in Geneva. Those are currently suspended and no date has been set for their resumption.

A similar point was made yesterday by M Claude Cheysson, the French Foreign Minister. He said that it would be "completely irresponsible on our part while there are discussions going on in Geneva to diminish our involvement under the mandate."

● James Buxton adds from Rome: Italy has been extremely anxious at least to reduce the number of its troops in Lebanon as the situation has become more dangerous there following the U.S. and French retaliatory attacks, of which Italy disapproved.

By reducing its troop levels to that provided for in the original agreement, Italy would not be breaking any commitment to Lebanon, nor could it be accused by the other countries of making a unilateral withdrawal.

Sig Andreotti also held out some hope that the United Nations might be prepared to take some part in peace-keeping in Beirut.

Israel considers pullback from Sidon, Page 4

Reagan lifts ban on Argentina arms sales

BY REGINALD DALE IN WASHINGTON AND PETER RIDDELL IN LONDON

PRESIDENT RONALD Reagan is to lift the ban on U.S. arms sales to Argentina in the light of the country's "significant progress" in restoring respect for human rights, the State Department announced yesterday.

The department stressed, however, that no arms transfers would be contemplated that would increase the prospects of renewed conflict with Britain over the Falklands Islands or with Chile over the disputed Beagle Channel.

The decision is to take effect on Saturday when Sr Raul Alfonsin is inaugurated as the country's new democratically-elected president. Officials said that the move had been preceded by "extensive consultations" with Britain and Chile and underlined that the Reagan Administration remained "sensitive" to UK concerns.

However, the British Government is clearly furious about the U.S. decision, although the official response last night was deliberately low-key. Sir Geoffrey Howe, the Foreign Secretary, said that the Government had expressed concern about the prospects of the U.S. resuming arms sales.

He pointed out that there was a wide gap between recertification on human rights and a decision to enter a particular commitment to sell arms.

MPs said that Mrs Thatcher presumably knew of the U.S. decision when she launched her attack on U.S. economic policy yesterday.

Washington insisted that Mr Reagan's certification of human rights progress only lifted the ban on arms sales and permitted the resumption of U.S. military aid to

Continued on Page 14

UK squeeze on drug profits

BY CARLA RAPOPORT IN LONDON

FOREIGN pharmaceutical companies operating in Britain will be among those affected by new government restrictions that seek to reduce both the profitability and promotional expenditure of the UK drug industry.

The moves are part of the UK Government's aim to reduce the National Health Service drug bill by about £65m ($93.8m) next year and around £100m in subsequent years. Companies likely to be most affected by the new restrictions include Merck, SmithKline and Eli Lilly of the U.S., Ciba-Geigy of Switzerland, and leading British companies, including Glaxo.

In a speech before the House of Commons yesterday, Mr Kenneth Clarke, the UK Health Minister, said pharmaceutical companies' return on capital employed would be reduced from around 25 per cent to an average of 21 per cent from April next year. That is expected to be achieved through a continued freeze on drug prices.

Further savings are to be made by reducing the amount companies spend on drug promotion, which is primarily funded from NHS sales. Companies currently spend around 12 per cent of sales on drug promotion; that will be cut to 10 per cent next year and 9 per cent by 1985-86. Companies that overspend will be obliged to repay the difference to the British Government.

As a result of savings, the price freeze on drugs introduced in August is expected to continue, with few exceptions, through 1984-85 and beyond, according to the Health Minister.

The pharmaceutical industry reacted angrily to the Government's moves yesterday. According to the Association of the British Pharmaceutical Industry, the new restrictions on profitability are "unnecessarily harsh" and are "likely to damage seriously the innovative and export capacity of the industry."

The UK industry made profits of around £200m in 1982-83 on sales to the NHS of around £1.3bn.

Mr Ron Wing, president of the ABPI, said last night that the moves were likely to deter a number of large pharmaceutical companies from making further investments in the UK.

CONTENTS

Nato consults about ending Polish sanctions

BY DAVID BUCHAN IN LONDON AND CHRISTOPHER BOBINSKI IN WARSAW

THE U.S. is consulting its Nato allies in Brussels this week about a possible end to sanctions against Poland, officials confirmed yesterday, following President Ronald Reagan's promise to give "immediate and serious consideration" to Mr Lech Walesa's call for them to be lifted.

Up until now, Washington has resisted some West European pressure for a speedier end to sanctions, though it agreed last month to allow rescheduling negotiations to resume on Poland's $14bn (£9.65bn) official debt. Polish and Western officials held a first round of debt talks last month and are due to meet again in Paris next month.

The Solidarity leader's appeal last weekend caught Western governments somewhat by surprise. One European official yesterday cautioned against expectations of a quick Nato decision, though the drift is clearly towards ending the sanctions imposed nearly two years ago in response to martial law in Poland. The elements of Nato sanctions still in force are a freeze on high-level political contacts with Warsaw and on new trade credit. The U.S. also cut civil aviation links.

Mr Reagan said on Wednesday night: "We have great respect and admiration for Lech Walesa, the courageous leader of Poland's free trade union movement"—a sentiment hardly shared by the Polish authorities who have been angered by the award to him of this year's Nobel Peace Prize.

Th Polish army newspaper, Zolnierz Wolnosci, yesterday called Mr Walesa's sanctions appeal a "pitiful gesture."

It maintained that the move was "thought up in Washington to save face there and to bolster the position of the Polish underground." The intention is to maintain the official image of Mr Walesa, however moderate his actions, as an unreliable extremist working hand in glove with the West and with whom talks are impossible.

Nevertheless the attacks come against a background of relief in the economic establishment that an end to restrictions may be in sight.

Mrs Danuta Walesa and her son Bogdan leave today for the Nobel prize ceremony in Oslo at the weekend. There she will deliver Mr Walesa's speech in which he is expected to reiterate his call for aid to the Polish economy, and for dialogue inside Poland and between East and West.

E. Germany again aims for high economic growth

BY LESLIE COLITT IN BERLIN

EAST GERMANY again plans one of the highest economic growth rates in Comecon next year—4.4 per cent. It also intends to boost military spending by 7.2 per cent as a result of defence modernisation and the deployment of new Soviet medium range missiles on its territory.

In a draft budget presented yesterday, personal income is to rise 2.2 per cent compared with a planned 3 per cent this year. This is believed to represent a decline in real terms, although East Germany does not admit to any inflation.

Total spending next year is to raise by 12.7 per cent to 231bn Marks (£58bn) of which a record 33bn Marks (£8.3bn) for government subsidies on rents, public transport fares and prices of necessities.

Investment is to go up by 2bn Marks to 49bn Marks after falling in recent years. Industrial production is scheduled to grow by 3.6 per cent, against a 3.5 per cent target this year. However, net production—a new indicator of profitability—is to rise 8 per cent compared with actual growth of 6.2 per cent in the first half of this year. The higher growth is intended to be achieved by a record improvement in productivity of 7.3 per cent, compared to 4 per cent planned for this year.

Western economists believe it will be extremely difficult to achieve such a high growth rate in national income (roughly equivalent to GNP) and productivity, given the burdens imposed on the economy.

Spending on defence is to increase to 12.2bn Marks (£3.1bn), and on internal security, including the border troops, by 300m Marks to 4.7bn Marks.

Azores base talks hope

BY DIANA SMITH IN LISBON

INTENSIVE last-minute negotiations are taking place in Lisbon over continued U.S. use of the Lajes airbase in the Azores. It is hoped that agreement can be completed in time for Mr George Shultz, the U.S. Secretary of State, and Portuguese officials to initial it during his official visit next Monday and Tuesday.

An accord may be delayed, however, by Portugal's attempts to secure military and civilian aid worth more than the $140m reportedly on offer from the U.S. in return for facilities they have used for decades.

A founder member of Nato, Portugal spends 3 per cent of its modest gross domestic product on military commitments and is eager for extensive U.S. help in modernising its forces. The Azores regional government, too, wants more direct aid.

Talks on Barents pact

BY FAY GJESTER IN OSLO

NORWAY and the Soviet Union will next week make another attempt to agree on their sector boundary in the Barents Sea. The two countries staked overlapping claims to the continental shelf in those strategic waters nine years ago, when both extended their continental shelf boundaries to 200 miles.

Since then, the disagreement, about an area totalling 155,000 square kilometres, has remained unresolved.

So far, all that has been achieved is a temporary pact, renewed every summer, regulating fishing rights in the disputed zone – sometimes called the "grey zone."

Spaniards scandalised by Madrid air disaster

By David White in Madrid

THE FATAL aircraft collision in Madrid on Wednesday has taken on the proportions of a national scandal amid widespread charges of irresponsibility and negligence about safety precautions.

Both airline pilots' and air controllers' representatives attacked inadequate ground signals as a prime cause of the accident, in which a Boeing 727 crashed on its take off run into a DC-9 which taxied across its path in thick fog.

More than 30 hours after the crash, Spanish officials were yesterday still unable to give a final figure for the number of dead, put at 92 of the 135 people on board the two aircraft, which belonged to the state-owned Spanish airlines Iberia and Aviaco.

The Spanish Union of Airline Pilots disclosed that on the evening before the crash an Aviaco captain complained about the unclear signals on the approach runways.

The crash, which followed that of a Colombian Boeing 747 on its approach to Madrid on November 27, was due to the Aviaco DC-9 having taken a wrong turning while taxiing to its take-off position. The pilot, who had 25 years' flying experience, appears to have missed a "no entry" signal and to have taken a runway reserved for the exit of arriving aircraft.

Sr Mariano Hernandez, President of the Spanish Air Controllers' Association, said the signalling system had improved over the last year but was still imperfect. "It is not that we have chosen this moment to denounce this and other technical deficiencies," he said. "We have been denouncing them for years."

Pilots urged the installation of a ground radar control system similar to that used in Heathrow and other airports. But Sr Pedro Tena, Director of Civil Aviation, was quoted as saying there were no plans to instal one at Madrid. The cost, which he put at Pta 600m ($4m), was not justified since the airport had only four or five foggy days a year, he said.

Spanish newspapers unanimously criticised tactical failings and refused to accept the succession of accidents in Spanish airports—particularly after the PanAm-KLM jumbo collision disaster in Tenerife six years ago — as pure coincidence.

Athens agrees $17 m tax bill on Onassis

Ms Christina Onassis, the Greek shipping heiress, has agreed to pay the Greek state 1.74bn drachmas ($17.7m) in inheritance taxes for land and business assets bequeathed by her father, Mr Aristotle Onassis, Andriana Ierodiaconou reports from Athens.

The Greek Government had originally sued Ms Onassis for approximately DR 2.7bn. But the sum was reduced in an out-of-court compromise settlement. The Greek Finance Ministry said that it will deduct a further drachmas 600m from Ms Onassis' final tax bill in compensation for the nationalisation of Olympic Airways in 1975.

Ms Onassis will reportedly now go ahead with plans to finance a $30m hospital in Athens.

Community steel price controls in jeopardy

BY PAUL CHEESERIGHT IN BRUSSELS

SERIOUS DOUBTS have emerged about the ability of the European Community to bring in minimum price controls, with measures to enforce them, for widely traded steel products by the beginning of next year.

The Benelux countries are fighting against schemes to monitor trade flows, while West Germany has been distinctly unenthusiastic about the price controls unless they are accompanied by controls on the steel trade.

A long series of expert and official meetings, the latest of which took place yesterday, have failed to overcome differences among the Ten, opening up the possibility that industry ministers will be unable on December 14 to agree on a fresh set of steel market crisis measures.

These measures are designed to stabilise the weak steel market and would extend the controls already embodied in production quotas and price guidelines.

The European Commission wants, and can legally bring in, price controls but will not do so without an adequate enforcement system that can only be introduced by the Council of Ministers.

Included in this enforcement system would be an attempt to monitor trade flows by attaching a certificate to each consignment of steel moving from one country to another.

Belgium and Luxembourg, and to a lesser extent the Netherlands, are arguing that this is discriminatory. Because of their small internal markets, they are heavily dependent on exports. They want the accompanying certificate to be attached to all steel consignments.

Industry executives noted yesterday that this would sink the system by the sheer weight of paper. They believed it was a ploy to have the certificate abandoned altogether.

But West Germany, the EEC's biggest steel producer, is anxious to control trade as a pre-requisite to price controls, because it feels its industry is being harmed by the export of subsidised exports. The accompanying certificate would be the instrument of that control.

It is seeking to have trade kept to traditional levels—in effect a quota. If such quotas are exceeded then fines should be paid. It has won little support. But the Commission doubts whether this is legal in a common market. Although it is prepared to use its influence against surges, it is not prepared to entertain a system of fines to prevent them.

● The European Commission's controversial draft directive on employee consultation and information received a swift and insubstantial scrutiny from EEC employment ministers yesterday, writes John Wyles in Brussels. Britain once again voiced its opposition in principle to imposing legal obligations on employers to consult and inform their workforces.

Previous discussions by officials have revealed that the UK is alone in outright opposition to the so-called Vredeling directive. However, most other member states have raised detailed technical objections. France appears most enthusiastic.

Bonn baffled by Cheysson's MCA claim

THE BONN Government was apparently mystified yesterday by the claim made by M Claude Cheysson, the French Foreign Minister, that the two countries had agreed on detailed changes to the EEC's "green" currency system, writes John Wyles in Brussels.

According to M Cheysson, an understanding was reached at the Athens summit on phasing out monetary compensatory amounts—the system of border taxes and subsidies which shelter the EEC's common farm price system against changes in national currencies. For some months, France and West Germany have been arguing about how to reform the system.

While trying to avoid publicly denying M Cheysson's claims, West German officials in Brussels and Bonn were surprised by them.

Although Chancellor Helmut Kohl reported at the end of the summit on Tuesday that the positions were closing on some details, the officials could find no evidence to confirm M Cheysson's claim of an understanding to phase out MCAs "with a precise timetable, precise figures, year by year."

David Marsh writes from Paris: French Foreign Ministry officials said yesterday that M Cheysson was referring to a timetable for eliminating MCAs which was clearly dependent on agreement on the issue by the Community as a whole.

They rejected the argument that M Cheysson was putting too optimistic a gloss on the contentious question, claiming that the conditional nature of the timetable mentioned by the minister should have been obvious.

James Buchan reports on Der Spiegel's role in the Flick affair

Bonn fails to tame a Press 'beast'

THE FRANKFURTER Allgemeine Zeitung, the learned voice of German conservatism, could not make up its mind last week about what it thought Count Otto Lambsdorff, the Economics Minister, who is accused of taking bribes from the Flick concern, should do.

If Count Lambsdorff were to resign because of the Public Prosecutor's suspirious this might relieve Chancellor Helmut Kohl's Government of the charge that it had no political or moral conscience, the newspaper mused. On the other hand, his resignation would also hand "the malefactors their triumph."

The malefactors are Der Spiegel, the Hamburg news magazine, and its publisher Herr Rudolf Augstein, whose mammoth investigations into business contributions to the established political parties amounted to a "campaign," according to the paper.

The Government and its Press supporters are clearly hoping to tar the magazine with the brush of prejudging the issue, so that the court will not be able to proceed against Count Lambsdorff, thus sparing the coalition a crisis. Herr Hans Engelhard, the Justice Minister and a member of Count Lambsdorff's Free Democrat Party (FDP), has talked of introducing British-style restraints on reporting.

The irony is that Der Spiegel's publisher is also a member of the FDP and even sat for three months in 1972-73 in the Bundestag. Herr Augstein, 60, is a contradictory, intemperate figure, whose characteristics are mirrored not only in his magazine, which claims 10 per cent of the country's over-14 readership, but in the history of the Federal Republic.

Herr Augstein was born in Hanover in 1923, the same year that Time magazine first hit the streets but that is about all the father of news magazines and its most successful European progeny have in common.

Der Spiegel started life in 1946 as a simple copy of Time, under the aegis of two British officers. Its style soon became unpalatable to the occupation authorities, the officers withdrew, and Herr Augstein took over as sole publisher at the start of 1947.

Like all weekly news magazines, the magazine interprets the news but in tones that largely, but not overwhelmingly, reflect Herr Augstein's nature. For example, the magazine's perennial hostility to the Polish Pope is often traced to Herr Augstein's anti-clericalism, despite the fact that he was born a Roman Catholic — or perhaps because of it.

During Der Spiegel's persistent campaign to prevent Nato missile deployment, Herr Augstein was often accused of being anti-American, a charge that Dr Henry Kissinger rejects. "I always held you Rudolf," he has said, "rather as a man who was more nationalist in the 1950s and 1960s than was then usual. But that is no crime."

In the early years, Herr Augstein devoted himself to German reunification and fought bitterly against Chancellor Konrad Adenauer and Herr Franz-Josef Strauss, whose attempts in the late 1950s to bind West Germany to Nato with atomic weapons risked "fixing the Soviets at the Elbe," he thought.

Today, this nationalism is displayed in an aggressive longing for lost sovereignty. The enemies are Herr Helmut Schmidt, who helped devise the Nato missiles plan, and Chancellor Kohl and President Ronald Reagan, who carried it through. The tone is profound pessimism shot through with panic or, as one senior editor of the magazine puts it: "Rudi has got Angst real bad."

At the best of times, Der Spiegel tries to give its 4.7m readers that thrill of terror and despair ("How dangerous are young doctors"; "The first aerobics death") without which many Germans find it hard to get through Monday breakfast. During the missiles debate, Herr Augstein outdid himself in threatening a new Sarajevo and appealing to German national interest.

All this provides ammunition for the Government and the loyalist Press in the Flick affair. They argue that Herr Augstein is trying to destroy the FDP in order to make possible a Left-wing Social Democrat and Green majority, which could realise his nationalist dreams.

The charge, however, quite overlooks what Der Spiegel journalists term their publisher's "key experience" in 1962, when Herr Strauss alleged the magazine was revealing military secrets. "Was that prejudging the issue?" Herr Augstein thundered this week. "Some of us were unjustly jailed, myself for 103 days. And none of the people suspected in the 'Spiegel affair,' ever came to trial."

The result of the "Spiegel affair" was not only to create the celebrated Augstein hatred for Herr Strauss, which is also a dependence, but also to confirm the magazine in its passion for investigation, pioneered in 1950 by revelations about alleged bribery in the choice of federal capital.

Apart from a brief flirtation with Chancellor Wilhelmf Brandt and Ostpolitik, Der Spiegel has never supported a Bonn Government. The Schmidt coalition tried to "tame the beast" by according its Bonn corespondents special post-Cabinet briefings, largely in vain. The magazine's journalists say there was never the slightest suggestion that the SPD might escape the long investigation.

Further, Der Spiegel was not without its own doubts. It was only after the Public Prosecutor had staged his Press conference announcing the charges last Tuesday that a Bonn correspondent telephoned Hamburg to release the first 30,000 copies of a 352-page book entitled "Flick: The bought Republic."

Der Spiegel is a symptom of something that is wrong with the German Press. At a recent discussion at the Aspen Institule in Berlin, participants repeatedly complained of the "obedience until death" of the German tradition and the mainstream Press. Spiegel correspondents say that someone has to look at the "dark side."

Der Spiegel is a disagreeable magazine, written in fractured German, poisoned with neologisms and dead metaphors, vulgar, condescending, sarcastic, insinuating. But without "Rudi Augstein's private freedom of information Act" (Aspen) West Germany would be, to quote a favourite Kohl phrase, "quite another Republic."

Professor Rudolf Augstein

Formal charges of accepting bribes were laid yesterday against Count Otto Lambsdorff, the West German Economics Minister, Reuter reports from Bonn. The Bonn Prosecutor said the charges were filed in district court, culminating a two-year investigation into suspicions that the giant Flick conglomerate secretly contributed to Count Lambsdorff's Free Democratic Party in the 1970s to secure a multi-million dollar tax break.

Doubts over satellite TV in France

By David Marsh in Paris

THE FRENCH Government, responding to growing doubts about the heavy costs of its ambitious plan for direct satellite television broadcasting from space, is to set up an expert working group to decide whether it needs to be changed substantially.

Under the project, launched with West Germany by the previous administration, France planned to have a full-scale direct broadcasting system in service by the end of 1986, beaming programmes to households with rooftop antennae.

Budgetary pressures, alternative proposals for cable television, and general slippage in European plans for satellite television, have since made it impossible to meet the planned starting time.

The Government must decide whether to continue the programme in spite of mounting costs and waning political enthusiasm, or to scale it back and to collaborate more closely with West Germany and Luxembourg in joint services.

The decision to set up an expert study group to look into all the political, cultural and economic aspects, follows completion of a report by M Gerard Thery, a highly respected telecommunications official under the previous administration, which considered the technical questions.

M Thery has drawn up several alternatives for government action, including scrapping the satellite plan altogether. This would involve stopping work on the first French satellite, TDF-1, which is being built by a Franco-German industrial group and is due to be launched at the end of 1985.

Such a drastic step is highly unlikely to be taken, Government officials say. But, underlying lower industry expectations, officials at the aerospace concern Aerospatiale admit that the chances of a firm contract for a planned second satellite TDF-2, are receding.

TDF-2 would cost $60m (£41.5m), while the whole satellite system is estimated to cost around $250m. The TDF-2 unit would be needed to make the French direct broadcasting system fully operational. A possible alternative would be to link up with the first planned West German television satellite, TV-Sat, being built by the same Franco-German group and also planned for launching at the end of 1985, to set up a joint service.

A further option—about which talks have been taking place for much of this year—would be collaboration with Luxembourg. The Grand Duchy has virtually given up its plan for a fully independent satellite beaming programmes over much of central Europe.

Increased impetus being given to cable television in France is an important reason for waning enthusiasm about satellite broadcasting. The French Government is looking increasingly at the option of using less expensive medium-class satellites, of lower power than either TDF or TV-Sat, to beam signals to central ground receiving stations. These would then "pipe" television programmes to homes via cable networks.

Car production at Peugeot-Talbot's main plant at Poissy, west of Paris, has been halted by a 24-hour strike called by unions in protest against the company's redundancy plan, Reuter reports.

The unions are opposing proposals to make 2,861 people redundant.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

Italy embarks on talks about an incomes policy

BY JAMES BUXTON IN ROME

THE ITALIAN Government will today meet unions and employers for the first round of talks which it hopes will lead to the introduction of an incomes policy in Italy next year.

The basic issue is the scala mobile sliding scale wage indexation system. Though its working was limited in January this year, to cut the protection it gives against inflation by more than 15 per cent, this has not yet produced the expected fall in the inflation rate.

Wages this year are expected to rise by about 15 per cent, roughly in line with the average inflation rate for the year instead of the target of 13 per cent. This is partly because the Government conceded pay increases to state employees far above its own ceiling.

Yet the scala mobile agreement of January 1983 was still historic, not so much because it cut the protection it provided against inflation from about 80 to 65 per cent, but because it established a precedent that the scala mobile could be altered.

Until then, it had been regarded as a sacrosanct element of the delicate balance between rulers and ruled in Italy, which kept the country stable. Despite assertions by union leaders after the January agreement that they never wanted to talk about the scala mobile again, two of the three main unions have recently put forward proposals for modifying it further.

The Christian Democrat-oriented CISL and the Socialist-oriented UIL unions both favour a proposal under which the scala mobile would next year compensate only for a 10 per cent inflation rate – the government's official target for 1984. Since inflation next year is thought likely to reach 13 per cent in the absence of any incomes policy, such a move would mean a fall in real wages, the first for many years.

However, the CGIL union, the largest of the three, which represents most lower-paid workers, does not share its fellow unions' easy acquiescence in the Government's aims. Sig Luciano Lama, its leader, has so far suggested little more than a tight squeeze for next year, though he has hinted at a block on pay increases above scala mobile payments.

Yet even the powerful opposition Communist Party, to which the majority of CGIL's leaders defer, has hinted that it does not now consider the scala mobile something to be defended to the last ditch, given the disadvantages Italy is suffering because of an inflation rate more than double that of its competitors; and because workers in most industrial countries are now getting real wage increases, while Italians are only getting staggeringly high nominal ones.

Yesterday, the three unions were meeting in a final attempt to produce a unified front at today's talks.

The Government, which will be represented at the talks by Sig Gianni de Michelis, the Socialist Minister of Labour, has said that in return for an agreement on indexation, it would apply incomes restraint to the large number of self-employed workers by trying to levy taxes on them more effectively, and would hold down price rises in electricity and telephone tariffs.

But the unions will certainly ask for more, including higher Government investment to reduce unemployment and the often discussed but never implemented wealth tax. Today's meeting will be only the first of several discussions for which a vague deadline of the end of January has been set.

The Government of Sig Bettino Craxi knows it must bring down inflation – not just because it recently received a sharply worded letter from the International Monetary Fund telling it so.

It intends to prepare a package of measures to cut the public sector deficit by L10,000bn ($6bn) to keep to the original target of L90,000bn.

Dutch consider tighter control over banking

By Walter Ellis in Amsterdam

THE DUTCH Government is considering changes in the law to give the central bank greater control over credit institutions.

Mr Onno Ruding, the Finance Minister, told the parliamentary finance committee in the Hague that the changes envisaged would enable external accountants used by companies to verify their results to inform the central bank of any irregularities they uncovered.

At present, accountants report to the bank only if asked, so that bank officials have to be aware of any cause for concern before they can request assistance.

Demands for change were made by MPs of all parties when it was learned this year that the collapse of the Tilburgse Hypotheekbank, a southern mortgage bank, could have been prevented if the central bank had only been informed of certain alleged accounting malpractices.

Tilburgse was declared bankrupt, at great cost to many of its investors, although its affairs had for some time been supervised by a central bank team, and there have been claims since then that, at the very least, the central authorities were negligent.

A parliamentary inquiry into the circumstances of the bank's collapse has been ordered.

AMERICAN NEWS

Call for U.S. to face threat of currency crisis

BY STEWART FLEMING IN WASHINGTON

THE U.S. is heading for a currency crisis similar to that which engulfed Britain in the mid-1970s, according to Mr Stephen Marris, senior fellow at the Institute for International Economics in Washington.

Writing in the forthcoming issue of the magazine fortune, Mr Marris says that the common impression in the U.S. that there is plenty of time to tackle the threat posed by the Federal budget deficit is "dangerously disingenuous."

Mr Marris, formerly chief economic adviser for the secretary general of the Organisation for Economic Co-operation and Development, adds: "We have seen only too often what happens when a country lets its public finances get out of control . . . a nasty economic phenomenon generally called a stabilisation crisis."

The mechanism of such a crisis involves a complex interaction between loss of confidence in the domestic financial markets and the foreign exchange market, according to Mr Marris.

"The currency goes into a nosedive, interest rates and inflation accelates," he warns. "The only way then to restore confidence is by monetary and fiscal action that halts the economic recovery and sets the stage for recession."

Mr Marris says that a firm monetary policy such as the one the U.S. Federal Reserve is following postpones but does not avert the crisis. Initially, high real interest rates attract inflows of funds from abroad, providing more than enough capital to offset the gradual rise in the structural budget deficit.

This is what Mr Marris says is currently happening in the U.S. "But this conjunction of an unsustainable budget deficit and unsustainable capital inflow cannot continue indefinitely. At some point foreigners' nerves will probably crack." Then, as happened in the UK, currency flows reverse, currency flows out, the dollar will weaken and inflation accelerate.

"At some point along the line comes the classic symptom of the acute phase of a stabilisation crisis. Interest rates will rise but the dollar will keep sinking because capital is still fleeing.

"An American stabilisation crisis would be bad news for the world economy . . . if it proved severe enough to halt the (U.S.) recovery and set the stage for a new worldwide recession."

Campaign launched to lift curbs on U.S. banks

BY WILLIAM HALL IN NEW YORK

SENATOR Jake Garn, chairman of the Senate Banking Committee, has launched the campaign to lift curbs on U.S. bank operations in several foreign countries which discriminate against U.S. banks, in particular Australia and Canada.

Sen Garn introduced the International Reciprocity Act 1983 on the last day of the recent congressional session, November 18. He is promising quick action on the Bill which will require U.S. bank regulators to take into account foreign treatment of U.S. banks' overseas operations when granting new privileges and charters to foreign banks in the U.S.

Garn has been concerned by the growing number of countries which restrict entry to U.S. banks but whose domestic banks have been free to expand into the U.S. The Senate Banking Committee is planning a series of bearings on the issue.

Sen Garn's banking committee is also concerned about restrictions on U.S. banks in countries such as Brazil, Japan and the Middle East.

The proposed legislation is seen as a useful lever to get reciprocal treatment for U.S. banks in countries which severely restrict their presence.

Sen Garn's initiative will be welcomed by the major multinational U.S. banks which have found their presence in several countries under threat.

AT&T set to keep long-distance business

By Paul Taylor in New York

U.S. TELEPHONE customers will continue to be connected to American Telephone and Telegraph's long distance service after the Bell system break-up unless they specify otherwise.

Federal Judge Harold Green, in the latest in a long string of court rulings, rejected a request from MCI and other AT&T competitors that each of them be allocated a portion of the inter-city calls that are not specifically designated for a particular carrier.

The court action arise because the planned Bell system break-up requires that all the long distance carriers be given an equal chance to provide telephone services for business and residential customers.

Telephone customers will be asked to specify which long distance carrier they wish to use, starting next September. However, it is expected that many customers, at least initially, will not specify. Under the latest ruling, these customers' calls will be directed to AT & T.

The ruling is a major blow to AT & T's rivals and means AT & T will retain millions of dollars in revenues it might otherwise have lost. Judge Greene estimated that as many as 90 per cent of telephone subscribers will initially fail to nominate a specified carrier. In these circumstances the judge said sending the calls to AT & T would minimise disruption.

In other moves:

- AT & T is opening 42 business sales and support centres designed to bolster the telecommunications' giant's working relationship with the nearly 6m small and medium sized businesses in the U.S.
- Pacific Telesis, one of the seven regional holding companies formed out of the Bell system break up has won a \$446m or 5.7 per cent interim telephone charge rate boost from the California Public Utilities Commission.

Pacific Telesis had asked for \$838m. The rate increase, particularly crucial for Pacific Telesis, will be effective January 1 and will lift, for example, the monthly residential charge for basic service from \$7.47 to \$7.74.

This time things may be different, writes **Jimmy Burns** in Buenos Aires

Bright dawn of hope for a new Argentina

SR RAUL ALFONSIN, the new President of Argentina, is likely to have a rousing first 100 days. On Monday, after Saturday's day of public celebration of the end of military rule and his inauguration, the Congress will sit in "extraordinary session" to deal with a package of emergency legislation.

The pervading note of optimism generated by the victory of Sr Alfonsin's Radical Party and his own personal popularity have begun to be measured against the country's lurking economic and political problems. Sr Alfonsin's aides believe these should be tackled as soon as possible, for Argentines tend to be fickle in their loyalties.

The new Government is already in a quandary, torn both by its wish to deliver at least some of the more populist promises of its electoral platform, and by its orthodox concern for stability through cautious reform rather than revolution.

On the political front, the Radicals will turn their attention in Parliament, to the armed forces. Sr Alfonsin's strident anti-militarism undoubtedly helped him greatly to win the election.

Sr Alfonsin . . . personal popularity.

Parliament is likely immediately to start to consider the repeal of the outgoing military Government's amnesty law, which benefits officers responsible for the torture, deaths and disappearances of some 15,000 Argentines since the 1976 coup.

Sr Alfonsin has hinted that he would prefer selective justice rather than sweeping trials, with the focus on the regime's first two juntas and a small number of other individual officers. But he could face pressure from human rights groups and members of Parliament to take more drastic action.

The radicals' plan to cut military spending from 5 per cent of Gross Domestic Product to 2 per cent could be greatly eased if the new Government reaches an early agreement with Chile over their territorial dispute in the Beagle Channel. Sr Alfonsio has accepted in principle the Papal peace proposal made in 1978 which leaves the three islands of Nueva, Picton and Lennox in Chilean hands.

The Radicals hope that an eventual agreement with Chile will also assist Argentina's efforts to seek a diplomatic solution to the Falkland Islands problem. Sr Alfonsin maintains the claim of sovereignty to the islands, but his government is expected to adopt a more realistic attitude if the British agree to negotiate.

There are now Argentine officials in the Foreign Ministry prepared to discuss thorny issues like leaseback and the interests of the islanders.

But perhaps the worst problems lie in the economy. Last month members of Sr Alfonsin's economic team broke the official veil of secrecy over the future Government's programme. They speculated that an early announcement would be major wage increases. This prompted shopkeepers to mark up their prices by between 20 and 80 per cent on the spot, so that the Radicals' room for manoeuvre has already been greatly reduced in advance.

The Radicals are hoping that all is not lost. They still want to attain several basic targets for 1984:

- Double digit inflation rate by the end of the year against 400 per cent currently.
- Growth of 4 per cent, from an unexpected level of just over 1 per cent in 1983;
- A trade surplus of \$3bn;
- Unemployment down from the present record of 20 per cent.

The 1984 budget is expected to be put to parliament by early January. The Government has inherited a budget deficit equivalent to about 12 per cent of GDP, and time to reduce this to at least 5 per cent by the end of next year.

Revenue is expected to be boosted by tax increases on most luxury goods, on capital gains and on land, and the tightening up of the collection system. The party is hoping to negotiate a social contract involving wage and price controls in return for job creation schemes and improved welfare programmes. The fiscal and prices and incomes policies will probably depend on whether the Government can successfully apply two related proposed reforms: changes in the main trade union body, the General Confederation of Labour, to break the grip of opposition Peronists and changes in the banking system to transfer greater resources to industry, bowed under the weight of its debts.

The Radicals also want to consolidate some of the changes that have taken place over the past year. Interests rates will be subject to a maximum level laid down by the authorities and will be negative in real terms. A greatly empowered central bank will centralise funds and reallocate credit by a complex mechanism of advances and rediscounts among the banks. New branches will be discouraged and mergers favoured in an attempt to trim the banking sector, which grew excessively in a speculative boom following the 1976 coup. There is no talk of nationalisation, however.

On the external side, the radicals' public position since winning the election has been not to interfere publicly in the debt negotiations of the outgoing Administration and to issue repeated reassurances that they would honour all Argentina's obligations.

In spite of some public posturing about "usurious" interest rates, the Radicals privately claim to have adopted a cautious line, maintaining unofficial contacts both with the International Monetary Fund and the commercial banks.

Sr Bernardo Grinspun, the Economy Minister, hinted two weeks ago that formal negotiations with the Fund could begin before the new year. The targets set in the current standby agreement, until March 1984, have been broken and the Radicals are keen on striking a new deal that would be more compatible with their policies.

Argentina faces repayment of principle totalling \$14bn on its \$40bn foreign debt next year. Its freely disposable reserves are understood to be around \$200m, making the prospect of meeting \$5bn of interest payments falling due next year particularly troublesome.

The Radicals' optimism about being able to pay off a substantial part of this figure thanks to a healthy trade surplus has been dampened by recent problems with the annual wheat yield.

Sr Grinspun himself is assuming a trade surplus in 1984 of about \$3bn down from previous estimates of \$4bn.

The success of the new Government depends very much on Sr Alfonsin's ability to project the human face of Government after seven years of depersonalised politics run by distant generals.

The overriding feeling both at home and abroad is that Argentines can look forward to a brighter future with more confidence now than for many years.

Korean jet investigation 'found navigational error'

TORONTO — International Civil Aviation Organisation (ICAO) investigators have concluded that a South Korean airliner shot down on September 1 was off course in Soviet airspace probably because of a navigational error, the Canadian Broadcasting Corporation (CBC) has said.

The investigators' detailed report on the incident, expected to be discussed by the ICAO council next week in Montreal, says the Boeing 747's navigational computer was probably programmed with the wrong starting point, according to CBC.

This resulted in a course that took the craft over the Soviet island of Sakhalin where it was shot down by a Soviet fighter with the loss of all 269 people aboard.

M Yves Lambert, Secretary-General of ICAO, refused comment on the report. The flight started in Anchorage, Alaska, and was supposed to follow a series of checkpoints across the northern Pacific to Japan.

The broadcast said ICAO experts suspect an error in the coordinates could have placed the starting point 10 degrees, or 300 miles, east of the actual point of origin, guiding the craft off its intended flight path.

The Soviet Union charged that the Korean plane was on a spy mission and said it must intentionally have entered Soviet airspace over the sensitive, militarily strategic island because a well-trained crew could not have made such a colossal navigational error.

The ICAO report said such a mistake was not only possible, but in this case was even likely, according to CBC.
Reuter

OVERSEAS NEWS

Israel considering pullback from Sidon, diplomats say

BY PATRICK COCKBURN IN BEIRUT

ISRAEL is considering a withdrawal of its troops from the southern Lebanese city of Sidon before the end of the month, according to diplomats in Beirut.

The aim of the pullback would be to minimise Israeli casualties in southern Lebanon which have increased as a result of guerrilla attacks. Some 35 Israeli soldiers have been killed since early September when the Israelis withdrew to the Awali River just north of Sidon.

By pulling back to the Zahrani river just to the south of Sidon Israel would have a smaller civilian population to control and would still be able to keep its northern border out of artillery range, diplomats say.

Mr Moshe Arens, the Israeli Defence Minister, said this week that ideally Israel would like to turn over security in southern Lebanon to the Lebanese Government or to local militiamen friendly to Israel.

The problem for Israel and the U.S. is that a pull out from Sidon, which has a Sunni Moslem majority, would probably be filled by groups opposed to the Beirut government and sympathetic to Syria and its allies.

At the moment Sidon is patrolled by Christian-led militiamen loyal to Major Haddad, long a close ally of the Israelis, but they appear to have little local support. Israeli patrols are less frequent since 61 people, including 29 Israelis, were killed by a suicide lorry bomb in November.

There is a clear division in Israel over the deteriorating security situation in southern Lebanon.

The withdrawal from the mountains around Beirut led to an immediate increase in Syrian influence in the country.

A pullback from Sidon to the Zahrani would also go against U.S. policy of encouraging Israel to act as a more effective counterpoise to Syria in Lebanon.

Most of the guerrilla attacks against the Israelis in recent months are believed to have been carried out by members of the Shia Moslem sect which is the majority of the population in the south of the country. The sect is under the influence of radical Islam as propounded by Ayatollah Khomeini.

Israeli officials said yesterday there was no intention of preventing the departure from Tripoli of Mr Yassir Arafat, the Palestine Liberation Organisation leader. David Lennon writes from Tel Aviv that "good riddance" was the theme adopted yesterday.

On Wednesday, several political leaders had issued calls to prevent Mr Arafat from leaving.

Meanwhile, in Tripoli, preparations continued for Mr Arafat's departure and that of his 4,000 followers in UN-flag ships which is now expected to take place next week.

● Meanwhile the 1,500 U.S. marines based near Beirut International Airport came under machine-gun fire yesterday morning from nearby suburbs of Beirut but suffered no casualties.

The marines responded with anti-tank missiles and 60-mm mortar fire to check an attack on their base by mortars, rocket-propelled grenades and automatic rifle fire.

Also in Beirut, gunmen kidnapped four Christian reporters of Lebanon's leading independent newspaper, An-Nahar.

Hong Kong talks raise hopes of progress

BY MARK BAKER IN PEKING AND ROBERT COTTRELL IN HONG KONG

THE BRITISH and Chinese talks on the future of Hong Kong ended for the year yesterday with a further sign that progress is now being made.

A joint statement issued at the end of the two-day meeting again described the talks as "useful and constructive," the same adjectives applied to the two previous rounds.

"The two sides reviewed the course of the talks and the progress made so far," the statement said. It added that the next round of talks, the eighth since July, would be held on January 25-26.

In Hong Kong, officials said the communiqué reflected "a further step in the right direction," and stockbrokers said the Colony's financial markets were likely to draw some mild encouragement from the communiqué's reference to "progress."

Political analysts also noted that Britain and China were holding frequent informal discussions, continuing to offer a second area for progress.

Some analysts also said they believe that the communiqué showed an increasing sensitivity on the part of the negotiators on Hong Kong's need for reassurance.

While details of the negotiations remain a tightly-held secret, it appears that earlier conflict between the two sides has been settled and that they have begun to grapple with the substantive issues of what will happen to the Colony after Britain's leases expire in 1997.

It is widely believed that Britain has agreed at least to set aside the delicate issue of sovereignty to enable concrete proposals to be debated.

For its part, China is continuing to make selective public statements in support of its argument that Britain relinquish both sovereignty and administration no later than 1997. But the Chinese appear to have moderated their public remarks to avoid creating further tension in the colony's economy.

A spokesman for the British Embassy in Peking said yesterday that he did not attach particular significance to remarks made yesterday by a Chinese Foreign Ministry official that China might alter the 1997 deadline for resuming control of Hong Kong.

Qi Huaiyuan, the Ministry's Director of Information, has said that if there were "special problems" then the 1997 deadline could be altered. "For instance, if there occurs some turmoil in Hong Kong, we will consider the change of timetable of the recovery of sovereignty over Hong Kong."

The British spokesman said it was a fact that China had always had the physical potential to retake control of Hong Kong early, if it chose to and Qi's remarks were, therefore, not surprising. "But I'm not inclined to lay any significance on it."

The talks have now entered a temporary recess necessitated by the Christmas break and the imminent departure of Sir Percy Cradock, head of the British delegation and Ambassador to China.

Sir Percy is leaving to take up a new Foreign Office post with responsibility for Hong Kong matters and to become a special adviser on foreign affairs to Mrs Margaret Thatcher, the British Prime Minister. His successor, Mr Richard Evans, is expected to arrive in Peking in mid-January.

● Hong Kong's budget deficit will not increase beyond its forecast level this financial year, despite falling government revenues, Sir John Bremridge, the colony's Financial Secretary, said yesterday.

CRITICAL ENERGY SHORTAGE FORECAST

China 'needs more nuclear power'

BY ALAIN CASS, ASIA EDITOR

SEVERE energy shortages combined with continued military requirements mean that China will eventually have to boost its civil nuclear capacity, according to a report by a senior researcher of Britain's Uranium Institute.

The report, the most comprehensive of its kind publicly available, warns, however, that China's immediate commitment to large-scale foreign participation in this field should not be taken for granted.

Although, according to the report, China has recently been offering uranium for sale on the international market in order to help finance development of its energy needs, the purchase of foreign equipment and expertise "could still place an uncomfortable strain on "the country's limited foreign exchange resources.

The report, published on Wednesday in Resources Policy, says that China faces a critical energy shortage, with the growth of output falling behind demand. As much as 25 per cent of the country's antiquated industrial capacity is lying idle.

This is partly due to a failure to develop a coherent energy strategy says Mr William Geddes, the author. The report also says that a fundamental difference of opinion between China's Ministry of Electric Power and Ministry of Nuclear Industry over the best mix of foreign and domestic nuclear technology has aggravated the delays.

The report warns that while lengthy talks have taken place for the purchase of advanced Western technology, few contracts have come of this. The same, says the report, could happen in the nuclear field.

The report concludes, however, that, for three reasons, China is likely to pursue the civil nuclear option: first, because this would overcome transport bottlenecks associated with further coal development; second, because electricity generation is already dependent on the coalfields in the northeast (in the event of war with the Soviet Union, the occupation of these coalfields would cause widespread disruption); third, nuclear power would help solve the problem of coal-fired pollution, which has been getting worse.

The major question now facing China, says the report, is whether to develop a completely independent nuclear power industry or rely in part or in whole on foreign technology. China has indicated it wishes to purchase equipment for a joint venture nuclear plant in Guandong Province.

In order to prepare the way for the possible purchase of foreign nuclear technology, China recently said it would be willing to join the International Atomic Energy Authority accepting safeguards and inspection.

This represents a sharp change in policy by China and, says the report, "it remains to be seen whether this decision will be implemented."

China has been a nuclear weapons state for more than 25 years. The programme was sharply accelerated after the Sino-Soviet rift of June 1959 and the present Government, with powerful military backing, has continued this trend.

Peking admits accident at Atomic City

BY MARK BAKER IN PEKING

CHINA has acknowledged a major nuclear accident at a research base in the Gobi Desert in 1969 in which at least 20 workers were exposed to severe levels of radiation.

The accident occurred at Atomic City, a big nuclear research establishment in north-west China near Lop Nor, where China exploded its first atom bomb in 1964.

According to the Workers' Daily newspaper, workers "were seriously threatened by a severe radiation accident" when a pipe burst open at a "factory" in the establishment in the spring of 1969.

"The huge installation had to be stopped and all the meters stopped moving. The red alarm signal was on," the newspaper said.

"When this unprecedented accident happened, the meter checking the radiation level was giving the highest reading possible. The walls and floors were all contaminated."

The newspaper said that as workers began to remove sections of the damaged pipe, "suddenly a broken part fell to the ground and began burning on the plastic floor sending out bluish flames.

"The workers knew that at that moment, the radiation was most harmful to the human body," it said.

Workers took 30 hours to bring the crisis under control and to restore operations at the plant—the actual function of which was not specified.

Some 20 workers were taken to Peking for medical treatment, but no details were given of their injuries or of any other casualties. Chou En-Lai, the then premier, was said to have been "deeply concerned" over the health of the workers and presented them with a personal commendation for bravery.

It is believed to be the first time that China has publicly acknowledged the accident at Atomic City, the country's pioneer nuclear research establishment opened in 1958.

More than 100 people were killed in 1981 when a Chinese submarine exploded in the North China Sea during an attempt to launch a nuclear missile from under water.

The article in the Workers' Daily said China had introduced new measures for safety in its nuclear industry.

S. Africa may act on interest rates

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN financial institutions have been warned of the dangers of committing themselves to high long-term deposit rates ahead of the expected decline in lending rates during 1984.

Following a meeting with senior bankers earlier this week, Dr Gerhard de Kock, Governor of the Reserve Bank, yesterday hinted that the authorities are concerned at the steep rise in deposit rates in the past month, caused mainly by intense competition for deposits between banks and building societies.

Dr de Kock said that high, fixed interest rates on medium and long-term deposits "could make it difficult for them to cope with any sharp decline in lending rates."

Most institutions are currently offering 16 per cent on one- and two-year fixed deposits compared to around 14 per cent a month ago. Returns on some other investments have risen still more.

The Reserve Bank's dilemma is that it is reluctant to see banks and building societies raise lending rates, because of the impact of higher financing charges on consumer and investment spending.

Dr de Kock announced yesterday that banks' liquid asset requirements are to be cut from 40 to 30 per cent of short-term liabilities in an effort to stave off further increases in lending rates. The relaxation will be around R800m (£470m) for investment in higher yielding assets.

Dr de Kock said that the authorities would take steps to moderate interest rates increases. But he warned that "in these circumstances, increases in short-term interest rates, including a modest further upward adjustment in the prime overdraft rate, might become necessary and indeed desirable, if inflation is to be combated effectively."

Botha expected to clarify Namibia moves today

BY J. D. F. JONES IN JOHANNESBURG

MR PIK BOTHA, South Africa's Foreign Minister is expected to clarify recent moves in the confused Namibian situation when he gives a press conference this morning on his return from a European tour.

This has included talks in West Germany, London and Portugal, and a meeting in Rome with Dr Chester Crocker, U.S. Assistant Secretary responsible for African affairs.

The news of the French withdrawal from the Contact Group of five Western nations who have been seeking a Namibian diplomatic settlement is not considered particularly surprising, because France has for a long time been visibly unhappy at the dominance of the group by Washington.

The Contact Group has in effect succeeded in clearing the way for implementation of a United Nations-supervised ceasefire and independence elections in Namibia—except that the South Africans, powerfully supported by the U.S., insist on what is known as "Cuban linkage," that is the withdrawal of Cuban forces from Angola as a pre-condition to a settlement.

Not only do the Angolans and the other Frontline states adamantly oppose this—on the grounds that it is a separate issue and a matter for Angola's sovereign decision—but the other four Contact Group members — Britain, France, Germany and Canada — have also publicly disagreed with the Americans.

In these circumstances, observers have been querying whether the contact group has any further role to play.

David Marsh writes from Paris: France has justified its decision to pull out of the five-nation contact group with the blunt statement, put forward by M Claude Cheysson, the Foreign Minister, before the National Assembly on Wednesday night, that the group "is no longer serving any useful purpose."

Iraq claims 6 enemy naval targets destroyed

BY OUR MIDDLE EAST STAFF

IRAQ CLAIMED yesterday to have destroyed "six enemy naval targets" at the head of the Gulf. The claim is the latest in a series of reported Iraqi attacks on shipping approaching the Iranian port of Bandar Khomeini.

The last verified attack was on November 21 when a Greek freighter was badly damaged. The ship is believed to have been hit by rocket fire.

There has not yet been firm evidence that Iraq has been employing Exocet missiles launched either from Super-Frelon helicopters or Super-Etendard aircraft.

A military spokesman in Baghdad said that columns of smoke had been seen rising from the stricken vessels and that they had subsequently sunk.

Iraq's battleground, Page 16

Ghana cuts electricity supplies by 40%

By Quentin Peel, recently in Accra

GHANA HAS been forced to introduce drastic electricity rationing, cutting supplies by 40 per cent, and reducing power exports to neighbouring Togo and Benin by 60 per cent, because of continuing severe drought.

The measures have been taken because the water level in the Volta Lake is six feet below the minimum needed to drive the turbines of the Akosombo and Kpong hydro-electric power stations, which provide virtually all the electricity in the three West African states.

The move could scarcely have come at a worse time for the Ghanaian economy, following the first steps to implement an economic recovery programme backed by both the International Monetary Fund and the World Bank, intended to revive domestic production after years of chronic depression.

The level of the Volta Lake—the largest man-made lake in the world — has been sinking steadily for the past three years, because of prolonged drought and inadequate rainfall in the Sahel catchment area of the Volta River.

In June, the Volta River Authority (VRA) responsible for the power stations was forced to declare force majeure and cut off supplies to the Valco aluminium smelter, in which Kaiser Aluminum of the U.S. has the largest shareholding. Now rationing has been extended from December 1 to all domestic and industrial consumers, as well as to Togo and Benin.

Only two of the six 127 MW turbines at Akosombo are now running, as well as one of the four 40 MW units at the new Kpong plant downstream.

Officials of the VRA say there is no prospect of increased power supplies until after the next long rainy season between July and October next year. Only then will it be possible to see whether the water level has recovered enough for higher power output.

Both plants were visited last week by Mr Tom Clausen, President of the World Bank, who expressed his concern that the drought would undermine the "bold and appropriate" economic programe being undertaken by the Government.

Steps taken so far include a 90 per cent devaluation, an increase in cocoa producer prices, and a cut in state subsidies.

Mr Louis Casely-Hayford, chief executive of the VRA, said that nine of the previous 12 years had below average rainfall, with 1982 the lowest ever recorded. The present year is expected to be even worse.

The effect of the power cuts will be to reduce Ghana's foreign exchange earnings both from Valco and electricity sales to its neighbours.

Growth in Australian economy confirmed

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BELIEF THAT the Australian economy has embarked on a course of strong growth was confirmed yesterday, with publication of national accounts figures showing that in the September quarter, gross domestic product grew by 4.4 per cent.

This was the largest quarterly rise since constant price data was first collected in 1959, and demonstrated that recovery has spread from the farm sector to the industrial and service areas.

Non-farm GDP rose by 2.3 per cent in the September quarter—the largest quarterly rise in output since the mid-1960s.

At the same time, unemployment in November fell from 9.9 per cent to 9.6 per cent seasonally-adjusted, compared with the previous month.

Mr Bob Hawke, the Prime Minister, told Parliament that the latest batch of figures was "the best economic news this country has had for a very long time."

With Mr Hawke's popularity at a high level, the Labor Government that won power last March is looking increasingly well entrenched.

Australian non-farm GDP is now expected to grow by 6 per cent in 1983-84, compared with a forecast in August of 5 per cent.

The outlook for business fixed investment is still disheartening, but private consumer expenditure, which rose by 1 per cent in the September quarter, is fast improving.

● The Government yesterday outlined sweeping legislative plans aimed at improving the lot of Aborigines, including the granting of inalienable freehold land title, protection of Aboriginal sites, access to mining royalties, and negotiated compensation for lost land.

Some observers predict a spate of High Court actions between the Federal Government and the non-Labor state governments of Queensland, Tasmania and the Northern Territory.

Japan sees machinery orders rise by 56.6%

TOKYO — Export orders for industrial machinery received by Japanese companies in October rose 56.6 per cent from a year earlier to Y146.36bn (£433m) after a 100 per cent year-on-year rise in September, the Society of Industrial Machinery Manufacturers said.

It said the total included export orders for plant and equipment worth Y59bn, more than double last year's exports.

Total industrial machinery orders in October were up 18.4 per cent from a year earlier to Y347.4bn, it added.

The Japan Machine Tool Builders' Association said machine tool orders received by 88 major Japanese companies in October rose 28.3 per cent from a year earlier to Y41.73bn. Export orders were up 67.1 per cent to Y10.74bn.

The Society's industrial machinery orders do not include orders for machine tools.

- The Federation of Economic Organisations, known as the Keidanren, Japan's biggest business association, will send a mission to visit individual U.S. states next February to seek abolition by those states of the controversial unitary tax, applied by some states to corporate earnings of foreign multinationals in those states.

The business group is sending the mission in response to a decision by a U.S. Treasury committee because of what it regards as apparent inaction by a U.S. Treasury committee of inquiry in pressing for an abolition of the system.

A Treasury Committee, set up in the autumn by President Ronald Reagan, said this week that it would take steps to turn the matter over to the individual states in order to avoid any recourse to Federal Government legislation.

Agencies.

Japanese car sales pick up sharply in European markets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GRADUAL decline in Japanese penetration of Western Europe's car market since 1980 was halted in the first half of this year and rose quite sharply again.

In 1980 the Japanese car makers pushed their share of the market from 7.3 per cent to 9.8 per cent and caused a wave of alarm among the European manufacturers.

Since that time the Japanese share has drifted back to 8.9 per cent last year. However, in the first six months of 1983, it moved up to 9.4 per cent again.

The main impact has been in those countries with no domestic car manufacturers of their own. In the first half of this year, for example, Japanese penetration of the car market in Finland jumped from 34.4 per cent at the end of 1982 to 39.5 per cent. In Denmark the rise was from 25.4 to 32 per cent and in Austria from 25.8 to 28 per cent.

However, against this trend, in Norway the Japanese market share has eased by from 36.8 to 36.3 per cent. In 1980 their penetration had reached 39.2 per cent in Norway.

The Japanese have boosted their sales in Western Europe in spite of severe restrictions on imports to three major markets: France, Italy and Spain and less-severe restrictions by Britain, Ireland and Portugal.

In West Germany, the largest car market in Europe and also one open to the Japanese without reservations, the Japanese have held their penetration in the first half at 8.9 per cent, fractionally down on the 9 per cent for 1982.

According to authoritative statistics circulating within the industry, Nissan (the Datsun car group) is the most successful of the Japanese car companies in Europe, thanks mainly to its 6 per cent market share in Britain.

Nissan has held a steady 2.7 per cent of European car sales since 1980, while its major rival, Toyota, has had a volatile performance. Its European penetration peaked at 2.5 per cent in 1980, had fallen back to 1.9 per cent by last year but in the first half of this year was back up to 2.1 per cent.

Meanwhile, Toyo Kogyo, the Mazda company, has had a steady increase in share, from 1.1 per cent in 1980 to 2 per cent for the first half of 1983.

Market shares of the other Japanese companies in the first half were: Mitsubishi (Colt) 0.9 per cent after a peak of 1.1 per cent in 1980 and 1981; Honda 1 per cent, down from 1.4 per cent in 1980; Subaru, 0.3 per cent; Daihatsu, 0.2 per cent and Suzuki, 0.2 per cent.

Japanese car sales are concentrated mainly in the small-medium sector (typified by the Ford Escort or Opel Kadett) where they have 14.6 per cent of the sector.

Tokyo set for bigger export risk losses

TOKYO — Japan's Governmental export insurance programme, currently wading through its second consecutive year of losses because of the debt woes of importing countries, is bracing for a third year of losses.

The size of those losses — already seen to be as much as Y150bn (£444m) in the 1984 fiscal year starting April 1 — could be increased by events in the Philippines, where the export insurance programme has considerable exposure, a senior Ministry of International Trade and Industry (Miti) official said yesterday.

The official said that in preparing budgetary requests for fiscal 1984, Miti is assuming that the programme will need further financing support from the Finance Ministry's Trust Fund Bureau.

The programme was in profit between 1967 and 1981. But as debt problems mounted in countries such as Poland, Mexico and Brazil during 1982, importers in those and other indebted countries were unable to pay for their Japanese purchases on time, and the programme had to pay a larger number of claims to Japanese exporters.

AP-DJ

Brazil plans gas pipeline from Amazon to Sao Paulo

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL is considering building a 3,000 km pipeline from the heart of the western Amazon to the industrial south-east of the country, at an estimated cost of up to $5bn (£3.46bn). The pipeline would transport gas from major reserves recently discovered deep in the jungle.

Preliminary talks are to be held in Brasilia next week with the World Bank on financing for this highly ambitious project, which could transform the economic potential of Brazil's most remote and under-developed region.

Sr Cesar Cals, the Mines and Energy Minister, said last week that the pipeline—linking the Jurua River, a tributary of the Amazon, to the greater Sao Paulo region—was a national priority project.

To obtain World Bank assistance, the project would have to be put out to international tender. But foreign bidders would face strong national competition from local contractors and equipment manufacturers starved of orders by the severe recession in Brazil.

The Mines and Energy Ministry is, meanwhile, studying three alternative schemes. These are likely to be:

- Making it largely, or entirely, a World Bank project;
- Letting Petrobras, the state oil company, take overall responsibility and invite construction bids; or,
- Creating a construction consortium which would build the pipeline on a throughput toll basis.

The technical problems involved would be considerable. The pipeline would have to cut through dense jungle and cross a large number of rivers for at least a third of its length in the western Amazon, a region virtually inaccessible except by air or by lengthy boat journeys.

For example, to bring supplies up from Manaus, the regional capital, 800 km away, to Carauari, where Petrobras has based its drilling operations, takes 20 days by boat.

Nevertheless, after five years of test drilling Petrobras is enthusiastic about its finds. Preliminary estimates put the gas reserves in the Jurua region at about 120bn cubic metres, but there are suggestions they could go as high as 260bn cubic metres.

Last year Brazil produced only 3bn cubic metres of gas, of which it consumed a little over half. Proven natural gas reserves stood at 72bn cubic metres.

Provided the pipeline can be built to the south east, it is believe that the finds are commercially viable. The line would have to have a capacity of between 10m and 20m cubic metres a day, and would probably have spurs to Rio de Janeiro and Minas Gerais states.

If Brazil does decide finally to go ahead with the pipline, which will not be before 1985, a prominent casualty would be the country's longstanding agreement with Bolivia to pipe gas from eastern Bolivia, across to Sao Paulo.

Intermittent talks with Bolivia on the project, in which the Italians have a strong interest, have made little progress.

VOLKSWAGEN'S Brazilian subsidiary, Volkswagen do Brasil, has signed a contract to supply a further 10,000 Passat cars to Iraq next year for $50m (£34.6m), Reuter reports from Rio de Janeiro.

The sale is in addition to an existing contract to supply 30,000 cars to Iraq this year and 20,000 in 1984.

Daewoo signs loan accord for $570m ship deal

By Ann Charters in Seoul

DAEWOO Shipbuilding and Heavy Machinery of South Korea, yesterday concluded financing for one of the world's largest single ship orders, valued at $570m for 12 container ships, when the company signed a syndicated loan for $42m. The ships are being purchased by U.S. Lines.

The pre-delivery facility for letters of credit and refinancing is provided by seven banks, led by the Citicorp capital markets group of the U.S., acting through Asia Pacific Capital Corporation. The facility covers the importation of raw materials needed to build the first five vessels. After delivery of the ships, beginning in August, 1984, the loans will convert to term loans totalling $46.5m, or 20 per cent of the value of the vessels. The loans, priced at 1.125 per cent over the London inter-bank offer rate (Libor), are repayable at six monthly intervals over seven years.

The controversial order, first announced 18 months ago, caused concern among other shipowners that such expansion was under way despite the recession in worldwide shipping. The original order for 14 at a price of $770m, was scaled down, because in part, of a re-design of the vessels.

Other banks joining the largest ever on-shore syndication in South Korea as leaders are the Bank of Nova Scotia group, Marine Midland Bank, and Saehan Merchant Banking Corporation. Other Banks are Banque Nationale de Paris, Indian Overseas Bank and Korea International Merchant Bank.

The vessels, the maximum size permitted to transit the Panama Canal, will change containership design, carrying 2,100 40-foot containers, substantially more capacity than current vessels. U.S. Lines will employ them in an eastbound round-the-world service.

Pakistan and Romania plan to boost trade

By Mohammed Aftab in Islamabad

ROMANIA AND Pakistan have decided to almost double their present two-way trade to $200m (£138m) a year.

They will be exporting $100m goods to each other by 1984-85, according to decisions made by the two countries at a joint ministerial commission, Mr Ghulam Ishaq Khan, Minister for Finance and Commerce, said on his return from Romania earlier this week.

Pakistani exports to Romania in 1982-83 were worth $55m, including rice, and textiles.

Romania has now agreed to import Pakistani rice, ready-made and fashion garments, jeans, and cotton textiles. Pakistan will export 60,000 tonnes of rice to Romania in 1983-83.

Romania exports to Pakistan have averaged around $40m each year in recent years, and consist of electrical, mineral exploration and transport equipment, and chemicals.

Romania has offered to establish a cold distillation plant in Pakistan. It is also interested in bidding for a hydro-cracker plant at Karachi. The plant will cost an estimated $300m to $350m. Its feasibility is being investigated by the World Bank, which is likely to co-finance it.

PROJECTS IN STATE OF SONORA

Mexico seeks British joint venture bids

BY PHILIP MARVIN

THE MEXICAN state of Sonora is offering British companies an opportunity to win contracts in the industrial and food sector worth over £400m in the next three months. Sr Miguel Garcia, Director of Development for the Mexican company APSA, which is acting as consultant to Sonora on the ventures, is in London this week to discuss 13 joint projects.

It is hoped that by the time a state government mission arrives in Britain for seminars in London on March 5 and Manchester on March 7 next year, at least three of the joint ventures deals will have been signed.

According to Mr Stuart Leishman, the British-Mexican Businessman's Committee chairman, the projects being discussed are mainly export oriented and will require British companies to make an investment of both technology and capital in several specific fields.

The Sonora initiative is unique in the sense that only one of the projects involves British companies having to compete with foreign groups.

The one exception is the largest project, involving the building of two copper plants, a £100m 150,000 tons electro lytic processing facility and a £290m 138,000 ton tubes/plate/wire plant. This contract is being chased by BICC and its subsidiary British Kynoch Metals. Competition consists of Parsons of the U.S. and Enfete Industrial of Mexico. Sr Garcia says the British companies have a very good chance of winning the contract, in which Mexicana de Cobre and Mexicana de Cananea are the joint venture partners.

Sr Garcia is also having discussions this week with Coats Patons on a £30m textile project involving Sonora Textile, and Armitage Shanks, the Blue Circle subsidiary, on a £1m ceramic fittings venture with Ceramica del Yaqui.

One project has already reached the signature of a letter of intent by Glenryk (UK) to provide technical assistance on the processing of canned pilchards, with the aim of purchasing the resultant production for sale under the Glenryk label.

Sr Garcia may also be talking with Tate & Lyle which is keen to establish a sugar beet project on the coastal strip of the state.

Sonora is one of the most prosperous states in Mexico, situated in the north west of the country bordering the U.S. and offers the attraction of in-bond plants selling directly into the U.S. market.

The Sonora initiative, according to Sr Garcia, is in line with Mexico's policy of diversification away from the U.S. and Britain is seen as the ideal partner as Mexico tries to increase its European links.

Mexico was Britain's largest Latin American market last year with exports valued at £162m and imports at £106m. Exports to Mexico up until the end of August this year were down 50 per cent on 1982 at only £66m.

UK NEWS

TALKS ON NEWSPAPER DISPUTE NEAR DEADLOCK

Print strike considered

BY DAVID GOODHART AND JOHN LLOYD

LEADERS of the craft priot union the National Graphical Association (NGA) are considering a national strike if – as expected – talks over the Stockport Messenger newspaper dispute eod in deadlock.

Neither Mr Eddie Shah, chairman of the Messenger Group in north-west England, nor Mr Tony Dubbins, general secretary-elect of the NGA, beld out much hope of a settlement before the talks at the London offices of the conciliation service, Acas, last night.

Mr Joe Wade, the NGA general secretary, was also at the talks for the first time this week.

The print union leaders met Mr Len Murray, general secretary of the Trades Union Congress (TUC), before the Acas meeting to report on progress.

A breakdown in the talks, and a resumption of mass picketing, would place the TUC in an acute dilemma. Its so far highly qualified support for the NGA, unanimously agreed at last week's emergency general council meeting, would be stretched to breaking point on a resumption of unlawful action.

It is likely that a majority of the general council would then vote for a limit on the support offered to the union, and advise it that further unlawful action would be pointless and damaging.

The union is due in court in Manchester today to face another two writs for alleged contempt after mass picketing outside the Messenger's Warrington plant last week and the week before. The NGA, which has already been fined £175,000 (including costs), could face another fine in the region of £500,000.

The union has already had all its assets *frozen* but will *today* apply to the court for a revision of the total sequestration order to allow it to carry out day-to-day business.

The only slight glimmer of hope for at least a postponement of the crisis lay in the possibility that Mr Shah – under pressure – might agree to withdraw his writ to allow talks to continue for another few days. But before the talks yesterday he said: "There is no way we can withdraw the writ – we cannot use the courts as a negotiating counter."

Talks earlier in the week were largely unproductive. Mr Shah continued to refuse a post-entry "closed shop" – employment of only unioo members – at his three plants and the union refused to consider anything less. The dispute originally began over this issue.

Barring a volte face by the union in the negotiations or at today's court case, there is likely to be an escalation of industrial action next week and probably more violent scenes oo the Warrington picket lines. The picket was withdrawn for one week to allow the talks to take place.

Murdoch satellite TV starts next month

MR RUPERT MURDOCH's Satellite Television is to go ahead from January with the first satellite television channel, to be made available in the UK.

West Germany has also given permission for retransmission on pilot cable systems, so the new Sky Channel will be available in Ludwigshaven in January and in Munich in the spring.

The channel is also likely to be available on the Telekabel network in Vienna by the end of January, and Satellite TV is optimistic it may soon be able to transmit its programmes to the Netherlands.

The company announced yesterday that it would begin delivering its Sky Channel of general entertainment programmes to its first cable television customers in the UK next month.

It is already beaming advertising-supported programmes to more than 500,000 homes in Norway, Finland, Malta and Switzerland, and a hotel in Paris.

● BRITAIN's atomic energy workers have rejected an 18-month pay offer, worth 3.25 per cent on the pay bill, and union officials are warning of the possibility of strike action for the first time ever in the UK Atomic Energy Authority.

Union officials put the offer to the 4,700 manual workers in the industry with no recommendation to accept or reject it. It would mean increases of 5.14 per cent on basic rates.

● CONTRACT prices for industrial gas would not rise with other gas prices in January, but could go up next April, Sir Denis Rooke, chairman of British Gas, said yesterday.

Sir Denis said ordinary tariff prices would rise "by about the rate of inflatioo" in the new year. The corporation is aiming for an increase of 4 per cent from January 1.

● UNION LEADERS of Ford's 44,500 hourly-paid workers yesterday finally settled for a 7.5 per cent pay deal after failing to win further concessions.

Union oegotiators had sought to reopen talks after a vote which showed that the 24 plants concerned were divided over taking strike action.

Union officials to renew meetings with employers' group

BY JOHN LLOYD INDUSTRIAL EDITOR

SENIOR officials of the Trades Union Congress (TUC) and the Confederation of British Industry (CBI), the employers' organisation, will renew regular meetings on a range of issues, probably early next year.

The contact is likely to take place both at top level between Mr Len Murray, the TUC's general secretary and Sir Terence Beckett, the CBI's director general, as well as lower official level. The last time the two organisations held a meeting was in 1980.

Neither side expects, or wishes a grand concordat on major policy issues, and substantial differences remain between them. However, they both see the value of exploring possible areas of accord.

These would include important, but politically cool issues such as health and safety, education and training, and other well-defined areas where interests may coincide.

At the same time, both sides see the possibility of using these discussions as "building blocks" to more ambitious ventures, including broaching contentious areas.

The two organisations were noticeably courteous to each other at Wednesday's meeting of the National Economic Development Council, where the three parties to the council met on the theme "Where the new jobs will come from." The TUC's detailed paper was praised by the CBI, while the TUC went out of its way to stress that the CBI's response had been helpful.

On the TUC's side, the view is that Sir Terence is now developing a more critical stance vis-a-vis the Government, especially in such areas as increased investment on infrastructure and on interest rates. In such areas, limited agreement with the TUC might be possible.

The TUC also believes that the end of Sir Campbell Fraser's two-year stint as CBI chairman will mark a further weakening of the CBI's loyalty to Government.

The CBI, for its part, believes the more pragmatic positions being adopted by the TUC and its evident willingness to bargain for reforms at National Economic Development Council level, marks a break with the hostile posture it adopted in the period of the first Conservative Government.

Its emphasis, even more than that of the TUC, will be on making future discussions practical and action-oriented.

Shot politician did not want full guard

BY OUR PARLIAMENTARY STAFF

MR JAMES PRIOR, the Northern Ireland Secretary, told the House of Commons yesterday that Mr Edgar Graham, the leading Official Unionist politician shot dead on Wednesday, was not considered to be a specific target or to be in greater danger than a large number of other people.

The Provisional IRA have claimed responsibility for the murder, which took place in a Belfast street. Mr Graham, aged 29, was his party's spokesman on law and order and represented South Belfast in the Northern Ireland Assembly, the body set up to prepare for limited power-sharing in the province.

Mr Graham, a lecturer in constitutional law, was seen as a future party leader. He was the most senior politician to be killed in Ulster since the murder of the Unionist MP, the Rev Robert Bradford, and had defended the controversial use of "supergrasses" – terrorists who turn informer.

Mr Prior confirmed that an Official Unionist MP had suggested to security forces that Mr Graham was a likely target. He said that Mr Graham had then been advised of additional security which he could take or which could be offered to him.

Although Mr Graham did not request full protection, he carried a hand gun. He did not have time to use it – he was shot in the back of the head.

The Ulster Secretary said he had seen Sir John Hermon, the chief constable in Northern Ireland, and security chiefs since the murder. "If at any time they come to me and ask for additional resources, I know that the Government would be willing to grant them."

TECHNOLOGY

EDITED BY ALAN CANE

NEW-STYLE AEROSOL REPLACES FLUOROCARBONS WITH AIR

Key to the air-powered spray

BY PAUL WALTON

A UNIQUE "airosol" design for the first time makes it acceptable to replace the volatile gases used to drive traditional aerosols with air. It is possible thanks to a tiny plastic nozzle manufactured hy Swiss watch-makers Tissot.

The Werdi R, named after its Swiss inventor Mr Winifred Werding, is claimed to guarantee a fine spray for the life of the cannister because of the novel pressure limiting valve. This allows air or nitrogen to replace the more difficult to handle butane gas and fluorocarbons as the propellant without the usual pressure loss.

Mr Gerald Taylor is the managing director of Network Npd (or new product design), the British firm which has exclusive rights to distribute the Werdi R on behalf of Tissot.

Mr David Roberts, a director of the British Aerosol Manufacturers Association, welcomed the design and said that the Werdi R "is certainly a novel system, perhaps one of the first to make the use of air acceptahle."

He explained that pressurised gases were first used as the propellants in aerosols as they expand to take np the space left as the contents of the cannister is used up, ensuring a constant spray jet. Normally air or nitrogen (which accounts for 80 per cent of oir) "has a hig disadvantage, since it has proven difficult to keep up the spray pressure over time," added Roberts.

Mr Taylor explained how the very powerful forces of the "airosol" are released in o very controlled way. "The pressure limiting valve acts a little like a tiny piston, feeding out a precise spray pressure with no loss of internal air pressure."

The "airosol's" tiny components, some of which are just fractions of a millimetre in length, were made possible hy the advanced plastic moulding techniques first employed by Tissot Synthetics in Switzerland in the manufacture of parts for watches. Mr Werding was one of its engineers who had the idea for his new design in 1979.

The "airosol" is an advance on the first generation of air powered aerosols, where the strength of the spray jet tended to fall off as the contents were used up.

Mr Roberts of BAMA said that previous "airosols" were also toa expensive, "and could not do the job, leaving half of the contents in the can." This proved uneconomical and put customers off.

He said that while each Werdi R nozzle is 10 times as expensive as normal aerosol parts, costing 11p, the final price per cannister is roughly the same thanks to savings in plant and the use of the cheaper propellant.

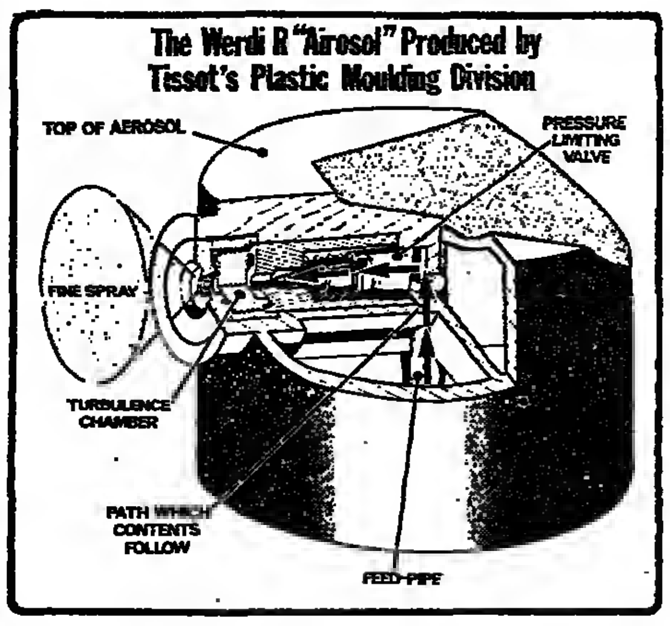
Tissot is only planning to make 30m to 50m of the new nozzles in 1984, enough to supply a handful of big customers in the American or UK markets. There is an enormous market far aerosol cans with 580m being sold in the UK alone last year. World consumption is about 6bn cannisters.

Mr Taylor of Network Npd explained that recent concern about the environmental hazards associated with fluorocarbons, which led to a complete ban on their use as a propellant in the U.S. and certain restrictions within the EEC, has led to much activity in the design of the air-pressured sprays.

Mr Taylor expects that more widespread use of the Werdi airosol is still a couple of years off, by which time Tissot Synthetics expects to have increased production 10 fold, and cut its cost roughly in half. Four of the biggest aerosol-users—Johnson and Johnson, Unilever, Burroughs Wellcome and Ciba-Gelgy—are just completing evaluatian.

The Werdi R nozzle might first replace aerosols in the supply of the most expensive contents such as perfumes, where the air propellant gives much better delivery of the waler-based product and much of the scent is lost in volatile propellant.

It might also make the industry a little safer. A "gassing line" to pump the volatile gas and product into an oerosol can can cost upwards of £250,000 and is hazardous. Mr Taylor claims that the airosol cans may be filted with the kind of inexpensive air pumps already found in most factories.



Uses of the Werdi-R spray

FIRST APPLICATIONS of the Werdi-R aerosol take it up into the air on the back of a kite and down to the depths of the acean in n submarine.

A cheap and more precise method of crop-spraying from a modified aerosol hanging below a new low-flying kite is now in prototype. It will be tested during 1984 together with the insecticides division of Burroughs-Wellcome.

A secret formula which can show up metal fatigue and cracks to the naked eye might be sprayed on using the Werdi-R. The Atomic Weapons Research Establishment is looking for an aerosol which can deliver these top-secret contents in the Polaris nuclear submarines.

Precise control of the aerosol's droplet size and where it is delivered make it ideal for spraying insecticides. These work to best effect when applied evenly across the desired field, rather than drifting haphazardly where they are not wanted or being heavily concentrated on one part of the crops.

A prototype aerosol can the same size as a typical air-freshener — carrying 300 ml — has been successfully tested hanging beneath a kite flying just 20 ft from the ground. Delivery of the wheat fungus insecticide was radio controlled.

Burroughs - Wellcome's Berkhamstead insecticide labs will put together special formulas for the full-scale trials, where mare economic large-scale delivery will be possible from a giant-sized litre aerosol.

The highly resistant polymer — from Hoechst's Hostafarm range — used for the Werdi-R's nozzle and its use of fresh air as the propellant make it ideal to deliver the AWRE's secret farmula.

Air is the only propellant which can safely be used in a submarine, hnt the AWRE found that its secret farmula corrodes most of the plastic used in some of the other aerosols. The Werdi-R can withstand this corrosian and presents na hazard to the rarefied atmosphere.

More on Werdi-R from Network Npd, 15 High Street, Harpenden, Herts AL5 2RT.

DEALER INFORMATION

Danish bank adopts split screens

FOREIGN exchaoge dealers at Andelsbanken (Danebank) in Copenhagen have just started using a split-screen dealer information system, which is thought to be the first of its kind to go into operation.

Supplied by IBM, the system has several unusual features in addition to the four-way split-screen.

The screen enables dealers to keep up to date on four different currencies simultaneously, or a combination of curreocies, the Danish bond market and, for example, a customer's foreign exchange position.

A customer's foreign exchange position can be established because the system is connected to the bank's mainframe central computer, unlike many foreign exchange dealer systems, which are based on independent mini-computers.

The advantage of this is that if dealers think the moment is ripe to buy or sell a particular currency, a list of all customers with holdings in that currency can be called on to the screen and the customers then contacted — by telephone at present, but an on-line link ta customers is a future possibility.

Another feature of the system is that dealers can program the system to warn them, by an on-screen blink, when an EMS (European Monetary System) or a Nardie basket currency is approaching a rate at which dealers think trading will be worthwhile. The system will automatically warn the dealers when an EMS currency reaches its intervention limit.

Mr Hardy Larsen, chief foreign exchange manager, is very pleased with the system, not only for its versatility, but also because it helps to salve one of the most pressing problems which dealers face everywhere, the question of where to put all the hardware so that the dealers have access to it. With four-screens-in-one, the need for four separate monitors is then eliminated.

ELECTRONIC PUBLISHING

Software Buyers' Guide

BOOMING MARKETS bring their own problems and the growth of the microcomputer software sector over the last year has made the task of selection particularly difficult. The volume of new products in the form of software packages coming into an already crowded marketplace is bewildering at best.

It was inevitable, therefore, that an enterprising publisher would harness the new technology to produce a software buyers guide.

This is exactly what Computing Publications, the London based subsidiary of the Dutch publishing giant, VNU, has done. The Microcomputer Software Directory lists descriptions of some 3,000 software packages covering a wide range of applications and computers.

"The data from the manufacturers is entered into two Sirius computers in our offices," explained the directory's editor Kay Floyd. "The disks are then converted to the right format for input to a typesetting machine at our typesetters in Holland," she said.

The result is a hefty tome listing products by application, type of machine, and occupation. There is also a comprehensive list of suppliers complete with contact names, addresses and telephone numbers. Included in most supplier descriptions are size of turnover and the company start up dates. Not surprisingly many of the suppliers only came into existence since the microcomputer boom started in the late 1970s.

By far the largest category covers financial software. This covers everything from an incomplete records accounting system for the Apple II+ from Number One Computers costing a mere £99 to a fullblown integrated accounting package from Abacus Software costing £4,000.

Within the financial section there are sub categories of business specific accounting packages covering everything from a bakery production system to insurance broking.

An updated version is expected to be ready in June 1984. More details on 01-323-3211

Audio

Half size cassette from Sony

AN AUDIO tape cassette format half the size of the Philips-ariginated compact cassette has been developed in Japan hy Sony. The farmat is based on the helical-scan rotary head technalagy currently employed in almost all video tape recorders.

A 65-metre tape reel within the 65 x 48 x 10 mm cassette gives an uninterrupted three hours record/play time compared with the one hour maximnm of the longest commonly availabla compact cassette.

In additian, the new format offers a major improvement in recarding quality thrangh its use af 16-bit digital signal encoding.

The recorder itself measures a mere 15 x 12 x 5 cm and is a lagical progressian from Sony's existing two-part digital sound recorder comprising a portable Beta-farmat videa recorder and separate signal processor collectively selling for around £1,500.

A price structure for the miniature cassette system has yet to be finalised. Sony is now pressing for the format's acceptance as a world standard for digital audio cassettes. If accepted, the system conld infinence sales of Compact Disc players currently selling in small quantities at the top end of the hi-fi sound market.

Just as analogue audia cassette sales have expanded at the expense of conventional record discs, so a low-cost digital tape system would offer abvious attractions to programme distributors and consumers alike.

Biotechnology

Gene splicing

TAKEDA Chemicals claims that it has develaped a technique to mass prodnce an activatar af natural cancer-killing cells called Interleukin 2 using gene splicing technalagy.

It is a human protein that aids the growth of cancer-killing cells such as macrophage and is now believed to offer more hape in the fight against cancer than interferon.

Takeda hapes that clinical trials of the Interleukin 2 will begin next year and is hoping far commercial production three years later. Little Interleukin 2 is found within the human hody and researchers thronghout Japan and elsewhere are competing to mass prodnce the substance.

Photography

Computer printing

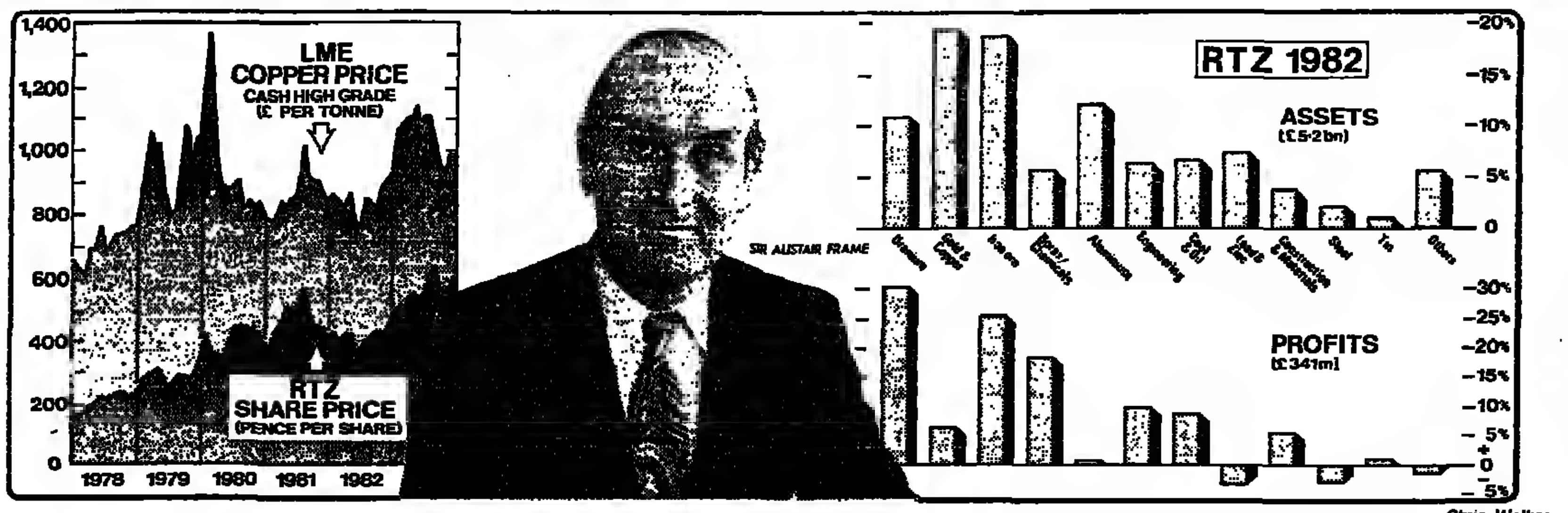
A COMPUTERISED printing system from IBM produces camera-ready masters without the need for wet chemical processing.

The IBM 4250 printer uses electro-erosion technalagy to "etch" a high resolntion image of the page, which is then camera-ready artwork.

The 4250 can address all points inside a page border and has a print density of 600 hy 600 individual picture elements.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Chris Walker

RTZ mines a different seam

Ian Hargreaves reports on the UK mineral resources group's efforts to diversify

FOR THE second time inside a year, Rio Tinto-Zinc looks in danger of finding itself empty-handed when the music stops in a bidding game for British oil assets.

Last year, the prize which went elsewhere (although it has still to be unwrapped) was British Gas's stake in the Wytch Farm oilfield. This week RTZ learned that its £60m bid for British Electric Traction's 5 per cent stake in the Maureen field in the North Sea had been pre-empted by BET's partners in Maureen.

"It's all in the lap of the gods. If it doesn't work out, we'll just have to find something else," says Sir Alistair Frame, the phlegmatic Scots engineer who is RTZ's chief executive. "But it's not a buyer's market."

Calmness amid adversity is something of a trademark at RTZ. It could hardly be otherwise for a company which, with its forebears, has spent 110 years riding the roller-coaster of the commodities markets and whose share price can still be plotted in rough parallel with the London Metal Exchange copper price.

But RTZ is changing. Last year the company increased its capital spending from £337m to £370m and spent £450m on acquisitions outside its traditional mining activities. Meanwhile, exploration and development expenditure in the mining sector fell from £108m to £105.6m. It will continue to fall in real terms, says Sir Alistair.

So, as RTZ is becoming less of a mining company, what is it becoming more of?

"We're constantly looking for small companies, primarily private owned, where our sort of management philosophy fits in: highly decentralised companies, profit-motivated and capable of expanding their whole range of business by organic growth," says Sir Alistair. They are likely to be in sectors where RTZ already has an involvement—engineering, construction materials, speciality chemicals and metal fabrication—but he does not rule out a departure into something entirely different.

Mostly, he adds, these acquisitions will be in the UK, where the company still lacks sufficient presence to provide reasonable tax cover for its repatriated foreign earnings, and in the U.S. At present, 30.7 per cent of RTZ's £3.7bn annual turnover is in the UK and 11.9 per cent in the U.S. The second largest source of business—Australia, with 22.9 per cent of sales—is set to fall in proportionate terms; a reflection both of RTZ's caution about some of its traditional businesses, its worries about the Australian economy and the progressive reduction of its stake in CRA, in line with Australian Government policy on foreign investment.

"Nearly half the group's assets are in Australia and we haven't been performing too well for many reasons; the high cost of labour, overmanning, low commodity prices and the fact that the Japanese, over the years, have encouraged, either accidentally or deliberately—you can judge for yourself—overcapacity, which means they can control the prices of a lot of commodities. Iron ore is a good example. It's going to be a great worry in the next three years—because they can play one country off against another."

Cyclical

RTZ does, indeed, have some eyecatching mismatches between assets and returns. Last year, one of weak metal prices, the company drew three-quarters of its profits from three activities—iron ore, uranium and borax chemicals. Those sectors represented only 35 per cent of assets. Australia by contrast, delivered less than 29 per cent of the profits.

All of this is, to a degree, inevitable in a company where, for all the diversification, the asset base is still very much (79 per cent) in the cyclical mining and minerals area. It is also, says Sir Alistair, a problem when it comes to plotting group strategy and setting financial targets.

"With metal prices completely outside our control, you cannot get good financial measures. So we concentrate really upon cost of operation all over the world. We have got some of the lowest cost operations in the world, but we haven't yet really found a way of measuring the performance of a single mining company like Bougainville" (a copper-gold mine in Papua New Guinea).

"We are spending more and more time at the centre thinking about the future of the group and leaving the operators to do the operating," says Sir Alistair.

It is from this central soul-searching that the diversification momentum has sprung. The big ticket items were the purchase in 1982 of Tunnel Holdings and Thos. T. Ward, whose varied engineering, cement, waste management, chemicals and scrap businesses, have been progressively absorbed into RTZ's maze of subsidiary holding companies.

The largest new activity to emerge from the Tunnel and Ward acquisitions is cement. RTZ now supplies a quarter of the UK market and when it completes an almost £50m modernisation of its Ketton cement works near Stamford, Lincolnshire, Sir Alistair says the group will be aiming for 30 per cent.

Like cement, the oil industry is capital-intensive and less cyclical than mining, so the North Sea has long been an obvious point of expansion for RTZ, beyond the stakes it already holds in the Argyll and Duncan fields.

If the Maureen bid succeeds, following RTZ's successful £30m bid for 1 per cent of BP's Forties Field stake, Sir Alistair says RTZ will have completed its acquisition programme in oil. "We're not going to become an oil company. We've seen what happens to oil companies in minerals," he adds, wryly.

But if Maureen is gone, speculation is bound to return to the subject of RTZ's stake in Tricentrol, the thinly stretched but highly active British oil company, in which RTZ has a small ("much less than 5 per cent," says Sir Alistair) stake. At the time of its £192m rights issue last summer, RTZ was forced by its nervous merchant bankers to deny any interest in taking over Tricentrol and that remains the company's position.

All of this, however, seems to lack what used to be called synergy. Why, for example, is the cement business attractive to RTZ since, as industrial activities go, it is highly sensitive to the economic cycle?

Sir Alistair's response is that, to a mining man, the cement cycle is softer than a heartbeat. "It's still not much off the peak," he says, "but it will never go back to where it was in 1973-74. But it's good cash flow and it's in the U.K."

He also, tantalisingly, suggests that there may be more synergy than meets the eye for a company which digs coal in several countries and which burns a lot of it in its energy-intensive UK cement plants.

"We're hamstrung by having to buy from the National Coal Board at a social price for coal. We pay more than our competitors in Europe," he says.

The answer, he suggests, might be imports if RTZ could find itself a low-cost, port-side operation in South Africa or Australia. But with his old friend Ian MacGregor at the Coal Board and a Government encouraging private electricity generation under the terms of the Energy Act, RTZ might yet find another way to skin this particular cat, should the political climate ever permit it.

There are also some other more obvious attempts to balance the swings against the roundabouts in RTZ's industrial strategy. The company is now a major force in the energy conservation market, through Everest double-glazing, and via one of several main business lines to flow from its highly profitable borax business in the U.S. Borax's main use is in glass-fibre insulation, although it also has many other uses in the chemical industry. RTZ's other chemical interests are characterised by a search for niches in supplying markets, such as the paper and textile industries.

RTZ, of course, would probably not be engaged in this search for more stable niches if it took a more optimistic view of the future of its metals businesses.

A few weeks ago, Sir Alistair raised eyebrows at the Copper Development Association's jubilee by using, as he said himself, "adjectives appropriate to the bubonic plague and the black death" to describe the future of copper trade.

Recovery

His case on copper is that in spite of a recent price revival, profitability will remain marginal because Western consumption of copper in the 1980s, weakened by lower industrial growth, miniaturisation and strong competition in the electrical market from fibre optics, will grow by only 1.5 to 2 per cent a year, or 100,000 to 150,000 tons. With 900,000 tons of annual mine capacity still closed, awaiting a revival in the market, and a steady stream of new developments in the pipeline, no end can be seen to overproduction. RTZ mines 6 per cent of the West's copper.

Among the other metals, molybdenum, a high strength metal now in gross over-supply, has fallen to $4 a lb from a peak of over $30 and Sir Alistair says RTZ is "considering the future" of its Quartz Hill mine in Alaska, one of the company's most expensive developments.

Aluminium has been enjoying a revival recently and RTZ is well placed to expand output at its Australian affiliate, Comalco. The zinc market is also better than it has been and RTZ's lead operations, following major productivity gains at the Avonmouth smelter, are also in a recovery phase.

Uranium oxide, of which RTZ supplies 14 per cent of the West's needs, is a steady but flat market for a low-cost producer like RTZ, but as price clauses in contracts are renewed, they are reflecting lower spot prices. The medium-term outlook for the nuclear power industry is still plagued by political uncertainty.

Asked what RTZ would explore for were it to raise its exploration budget, Sir Alistair answers: "Coal." Although he is worried about the growing acid rain controversy, he believes that coal's long predicted emergence as a major growth fuel cannot be much further delayed.

The secret, in such a soft market for metals and minerals, says Sir Alistair, is to keep costs down. At current copper prices, he adds, all of RTZ's mines are profitable, although some, such as the Spanish mine which gave Rio Tinto its name and its origin, rely heavily upon by-products, such as gold and silver.

In terms of overall earnings prospects, RTZ's fortunes will continue to depend, as they have always done, very largely upon the mix of commodity prices and exchange rates. A strong dollar boosts sterling-denominated profits, so things are still going RTZ's way on that front, although RTZ could use a weaker Australian dollar. City estimates for final 1983 pre-tax earnings suggest £580m to £600m, compared with last year's £341m.

The balance sheet, where debt almost doubled to 86 per cent of shareholders' funds in 1982, has been strengthened by the rights issue, although recent events have demonstrated that the proceeds of the issue are seen chiefly as a war chest for diversification. Had it come off, the combined Maureen-Forties foray would have cost RTZ £90m.

Another sceptical thought occurs to the outsider: how can this global empire of nooks and crannies be managed from St James's Square? Is RTZ not in danger of becoming too complicated for its own good?

"If we tried to manage it with a huge head office it might be" says Sir Alistair. "But we practise what we preach on decentralisation. You couldn't actually do it any other way because you'd become committee-ridden."

Business courses

The fundamentals of finance and accounting for non-financial managers, Brussels. January 9-13 1984. Fee: Non-members BFr 60,000; members (AMA/I) BFr 54,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040, Brussels. Tel: (02) 219 03 90. Telex: 21 917.

Securing payments for export, London. January 12-13. Fee: LCCI members £151.80; non-members £189.75. Details from Training Department, London Chamber of Commerce and Industry, 69 Cannon Street, London EC4N 5AB. Tel: 01-248 4444. Telex: 88942.

Effective speaking to groups, Corby. January 19-20. Fee: BIM members and collective subscribers £218.50; non-members £241.50. Details from Conference Office, British Institute of Management, Management House, Cottingham Road, Corby, Northants NN17 1TT. Tel: 05363 4222.

The energy manager's workshop, Corby. January 25-27. Fee: £310.50. Details from Conference Office, British Institute of Management, Management House, Cottingham Road, Corby, Northants NN17 1TT. Tel: 05363 4222.

The strategic manager, Uxbridge. January 19-20. Fee: £220 per reservation from an organisation; £350 per two reservations from an organisation. Details from the Secretary, Management Programme, Brunel University, Uxbridge Middlesex UB8 3PH. Tel: 0895 58461.

Corporate planning in practice, Henley. January 29-February 3. Fee: £750 + VAT. Details from the Short Courses Secretary, Henley — The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel: 049166 454. Telex: 849026 HENLEY G.

Principles of professional salesmanship, Brussels. January 30-February 3. Fee: Non-members BFr 58,000; members (MA/I) BFr 53,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels. Tel: 02 219 03 90. Telex: 21 917.

Job creation; whose job is it? Brussels. February 14-15. Fee: Associates of the Conference Board BFr 12,000; Non-associates BFr 14,000. Details from The Conference Board, Avenue Louise 207, 1050 Brussels, Belgium. Tel: 32-2 604 62 40. Telex: 63665.

FINANCIAL TIMES SURVEY

SPAIN

A year after coming to power the Socialist Government has a strong grip on the reins of power, enabling it to move Spain closer to the modern European country it sees itself as. Integrating the country into the EEC is, however, proving to be more difficult

The barrier remains

By DAVID WHITE

"YOU MAY be sure that Spain will not relinquish its legitimate aspiration to participate in the construction of Europe. However, as President of the Spanish Government, I am worried that frustration will set in among the people of my country, who harbour serious doubts as to whether there is an authentic political will in the Community to complete the entry process."

Prime Minister Felipe Gonzalez in a letter to EEC Heads of Government, November 18

"France is far from refusing to commit herself in order that (Spain and Portugal) can at last know where they stand . . . morality and friendship compel us to tell them that the time will not be long before we can tell them 'yes' or 'no.' And I should wish us to be able to tell them 'yes.'"

President Francois Mitterrand, at a Press conference in Bonn, November 24.

The Pyrenees, those dark, narrow valleys, one of the world's great natural borders, will not go away.

In many respects the long divide between Spain and the rest of Western Europe, which loomed like a Berlin Wall during four decades of Francoist dictatorship, has never looked more immaterial than now. The premiership of Sr Felipe Gonzalez—with King Juan Carlos, a young, forthright and charismatic leadership tandem if there ever was one—has moved Spain closer to the modern European country which it sees itself as.

After a year in power, with no further sign of the coup-plotting that surfaced before the 1982 election, the Spanish Socialist Workers' Party has proved that political alternation is possible. Painful economic surgery, put off during the previous seven years of political transition, is finally being tackled, and important steps have been taken to bring Spanish practices—from business ethics and bookkeeping to the organisation of a professional army under the command of the civil authorities—in line with the norms of northern neighbours.

But, on the other hand, the barrier is still there—at least when looked at from the southern side. Excluded from the Marshall Plan, isolated under its Fascist regime from the EEC, Spain's integration in Europe is still unresolved. A successful outcome at the Community's Athens summit this week was crucial for hopes of getting enlargement negotiations finished by the end of next year and of consummating entry before Spain's next general elections in 1986. Spain's approaches to the EEC date back 21 years and its formal application over six years, but negotiations are not half finished.

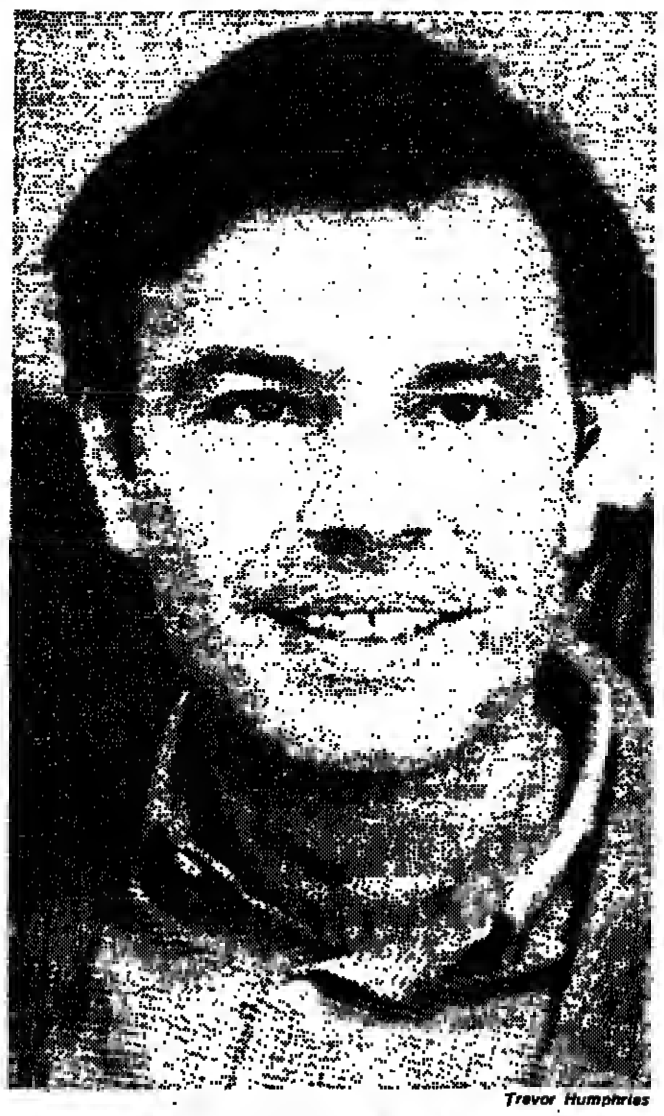
Ironically, it was France, under President Pompidou, which promoted the idea of building up Europe's southern flank. Spaniards believed that once the dictatorship was out of the way they would no longer be disqualified. Now it is France that poses the main obstacle.

The stance adopted by Paris since the latter part of the Giscard presidency — no more admissions until the present members settle their quarrels—is felt by Spaniards to be the kind of treatment given to an unwanted little brother.

They are in a national dudgeon against the French. It matters little that their governments are of the same colour. There is a tendency to blame France for more of Spain's problems than is justified—from Basque terrorism, because of French leniency towards separatist exiles, to Spain's economic lag.

The easy manipulation of opinion is something that in turn peeves the French. "The Spanish are impossible to deal with, the way they play the Press," a member of the Mitterrand administration said in private. Spanish pressure tactics — for instance, the recently repeated threat of a boycott on purchases of French arms, only half-denied by Sr Gonzalez—run the risk of backfiring.

The EEC issue has become inextricably linked with that of Nato, which Spain joined under the Centrist administration last year, only to have its integration into the military command frozen by the Socialists. U.S. lobbying in Europe to try to obtain Spain's definitive commitment to the alliance has served to reinforce the connection.



Trevor Humphries

Prime Minister Gonzalez: he and King Juan Carlos provide a young, forthright and charismatic leadership.

CONTENTS

The Gonzalez Government has not used Nato as an explicit bargaining pawn, but neither is it sheepish about pointing out the plain evidence: that without EEC admission there is no way the Government can avoid holding its promised referendum on Nato, and little prospect that such a referendum would lead anywhere but to withdrawal.

With its U.S. air and naval bases, the agreement for which has been renewed under the Socialist government, Spain has effectively been part of the West's defences for 30 years. But every opinion poll comes to the same conclusion. Still traumatised by their own war in the 1930s, Spaniards want no truck with other people's. They want to belong to a club, but not a military one.

The difference between the Spanish Government's ambivalent position on Nato and that of the new socialist-led coalition in Portugal or the Craxi government in Italy underlines the fact that the recently-emerging phenomenon of "mediterranean Socialism" is far from being monolithic.

Despite the personal bond between Sr Gonzalez and Sr Mario Soares, the Portuguese premier, relations between Madrid and Lisbon, soured by arguments on fishing rights and trade, are barely rosier than those between Madrid and Paris.

What the governments have in common, however, is that they have all come round, some faster than others, to economic austerity.

The clampdown on living standards will begin to make its impact in Spain next year, when the Government is seeking to bring down the rate of wage increases by almost half to 6.5 per cent. This would for the first time be below the target inflation rate. By tightening monetary policy, the Government has succeeded in curtailing price rises to 12 per cent this year, but the rate is still well over average European levels, and the aim is to cut it by a third in 1984.

The advocates of a tough approach, particularly Sr Carlos Solchaga, the industry minister, have so far had their way in the cabinet. Sr Miguel Boyer, the lofty economic superminister, has virtually taken over the role of Sr Gonzalez's right-hand man.

With unemployment already at 2.34m and still climbing—proportionally higher than any other European country—the Government is taking on a heavy restructuring programme for major problem sectors, starting with the overmanned steel mills and shipyards. Its reconversion programme announced last week involves investment of some US$6bn and may affect up to 60,000 jobs.

Severe trimming and modernisation of these and other industries, which grew rapidly in the period up to the first oil crisis, are needed whether or not Spain can count on a future in the EEC.

State's industrial role increased

The biggest problems lie in the state sector, where, as a result of Francoist industrial policy, much of Spain's heavy industry is concentrated. The Gonzalez government came to office with only a token programme of nationalisation — That operation has been smoothly completed under a pact with electricity companies.

However, the steady flow of casualties from the economic crisis has inevitably led to an increase in the state's role in areas such as aluminium, chemicals and mining, to the consternation of the country's highly conservative private employers.

The political controversy surrounding the government's expropriation in February of the Rumasa group, Spain's chief private holding concern, has however been somewhat dispelled as audits of the group have starkly confirmed its dire financial state and as charges have been pushed through the courts against the former management.

The government appears to have won its public opinion campaign to the effect that it had no other choice but seize the group. But at the same time, even though it intends to hive off as much of Rumasa as possible, it has become clear it has taken upon itself a financial problem of awesome proportions.

The Socialist Party, with a clear margin of power in Parliament, confirmed its hold in sweeping victories in municipal and regional elections. The rightwing backlash, if there is to be one, has not yet stirred. Following the collapse and disappearance of the Union de Centro Democratico, the former governing party, there is nothing, beyond the figure of the opposition leader Sr Manuel Fraga himself, that yet looks like an effective counter to the Socialists at national level.

A harder test will be next year's elections in the country's two original antonomous communities, the Basque country and Catalonia, where government is in the hands of conservative Basque and Catalan nationalists. In Catalonia the Socialists have a fair chance of extending their hegemony. But the Basques are a different case. The Basque country remains the government's Achilles heel. The changeover in Madrid has done nothing to alter the trend of Basque violence, which continues with relentless regularity: over 35 deaths this year.

Just 10 years since ETA blew up Admiral Carrero Blanco, propelling the prime minister's car over the top of a Madrid church, heralding the end of the Franco era two years before the Caudillo's death, the terrorist issue is still eating away at Spain's political certainties.

SPAIN II

ECONOMY

New tone of realism in targets

Economic overview

SPAIN, tba incoming Socialist administration had decided, could not afford French luxuries. The new economic team beaded by Sr Miguel Boyer set a tone of realism. Its targets were not exciting, bur after the first year of governrent it can produce figures to show it bas met most of them.

These include a further reduction in the country's external payments gap, a cut in the consumer price inflation index from 14 per cent a year to 12, and a slightly more heartening growth rate of 2 per cent. But the situation is still overshadowed by rising unemployment, now close to 18 per cent of tbe workforce, by the size of the public sector deficit, despite a strict budget policy, and by the overall prospects for next year when austerity starts to bite.

Pointing to bopeful signs that Spain has managed to hitcb its wagon to the U.S.-led recovery, the Bank of Spain now reckons tbat growth in the economy this year will have slightly bettered the target figure at 2.1 per cent.

The Government's scenario for the rest of its four-year term sets a higher growth rate of 2.5 per cent next year and 3 per cent in eacb of the two years after that. These are linked to promises on employment. Having come to power with the figure of 800,000 new jobs high on its election programme, the Government is tied next year to its first specific pledge of a net employment increase of 182,500. This year, despita a spate of new civil service jobs arising from regional devolution, the employment total shrank by around 50,000 in the first nine months.

However, the outlook for domestic demand next year is not promising. The Government bas set a 6.5 per cent wage target for the public sector, 1.5 points below the target for inflation, and is proposing this as a yardstick for the private sector. Even if this figure is not met—and unions are putting in for 8 or 10 per cent—private-sector economists predict a drop in disposabla income, what with an Increasing tax burden and prices that threaten to push beyond the 8 per cent rate the Government is aiming for.

Investment still shows no sign of recovering, and although manufacturing activity has picked up this year, the growth comes partly just from the impact of General Motors' giant new plant at Saragossa. The same effect will not be produced next year.

On the external front, the deficit on the current account of Spain's balance of payments has been brought down for the third year running — not by as mucb as the Government was boping but more than the pessimists were predicting. Tbe shortfall, $4bn in 1982, is expected by officials to be a little over $3bn. With both imports and exports declining in dollar terms, the trade shortfall is expected to be reduced to around $8bn from $11bn last year.

Decline of peseta

Exports bave been helped by the steady decline of the peseta against the dollar — the exchange rate moved from around 126 at the start of the year to around 156 at the end of November — although Spain bas obtained bardly any gain in competitivity in its principal export market, France. Imports of non-oil goods have meanwhile dropped sharply.

Tbe authorities are counting on a further improvement in the current account next year, with the deficit being brought down to $2bn.

The improvement will reduce the public sector's need for foreign credit. However, a larger repayment bill of some $4bn looms next year, and less sanguine forecasts put the new borrowing requirements in tha international markets at a further $5.5bn.

Spain's foreign debt increased by $1.5bn in the year to the end of September — 53 per cent private-sector and 47 per cent public — and the figure is expected to pass $30bn by the end of the year. The growth of the debt, however, bas been markedly slower in the past two years than in the previous five. The increase next year is put, according to different forecasts at $1.2bn-$1.5bn, and the Government is aiming for a mucb smaller increase in 1985.

Gold and foreign exchange reserves dipped by some 16 per cent in the first balf of the year to $9.69bn but most of the loss has since been recovered. The end-year figure is expected to be about $11bn, against $11.5bn at the end of last year and $15.3bn a year before that.

The decline marked a gathering mood of pessimism about the future of the "dirtily" floating peseta, amid a flood of new kinds of liquidity. The growth of quasi-money instruments issued by banks took off at the start of the year, threatening to confound all the Government's well-laid monetary plans.

The target growth for money supply was set initially at 13 per cent for the year, a three-point reduction on 1982. But total liquid assets in the hands of the public, including the new instruments that fall outside the "M3" money supply, rose at an average rate of 17 per cent in the first six months.

In order to hold down inflationary pressures, the 13 per cent target was lowered to 12 per cent in April and in July to 9.5 per cent, with money being taken out of the banking system in the form of higher compulsory reserves.

GROWTH RATES
(per cent at constant prices)

	1979	1980	1981	1982	1983†
Private consumption	1.2	1.4	−1.3	0.4	1.0
Public sector consumption	4.2	4.4	2.0	6.1	2.3
Gross capital formation	−1.1	3.2	−5.2	−1.8	0.2
Exports (goods and services)	6.4	0.6	7.9	7.0	5.5
Imports (goods and services)	11.5	3.4	−4.0	3.4	0.0
Primary sector	−4.1	8.9	−10.9	1.3	2.5
Industry (except construction)	−0.1	0.4	0.0	−0.5	3.1
Construction	−3.6	−2.0	−2.0	0.5	−1.0
Services	1.7	1.2	1.3	2.1	1.9
Gross domestic product	0.2	1.5	0.4	1.3	2.1

† Estimates.
Sources: National Statistics Institute and Bank of Spain.

The expected increase for the year is now around 11.5 per cent for the more narrowly defined money supply and not more than 15 per cent for overall liquid assets.

The stricter policy relieved the currency pressure, pushing up domestic interest rates.

The main unrelieved source of worry for both central and private bankers is the budget deficit and the distortions caused by its ballooning growth in the six years since it made its first appearence.

The Socialists came in with the principle that it should be held at tha point it had reached — 6 per cent of gross domestic product — and then whittled down. But private economists reckon it was already, and still is, above this figure.

Officials put the final deficit for this year at Pta 1,200bn-Pta 1,300bn (in the region of $800m), within the expected range of cost overruns.

The new budget, the second that Parliament has had to debate this year, sets the deficit for 1984 at Pta 1,300bn or 5.5 per cent of GDP.

The outlook for controlling the deficit is overshadowed, however, by the runaway losses of public sector companies. These include the railways, where a record loss of Pta 200bn is anticipated, and the state holding group INI, which embraces some spectacularly lame ducks (a category that now includes the Iberia airline) and which is losing its battle to cut its red figures this year. Far-reaching measures are planned to tackle these company problems, but in the sbort term tha cost will be high.

David White

Recovering from the shocks

Banking

BARCELONA Football Club opened a new "bank" three weeks ago, casting a mild ray of sunshine into a banking climate dulled by a seven-year-long crisis, a continuing industrial recession and sliding bank profits, and now by a swelling public sector deficit which is threatening to overwhelm private credit.

Barcelona FC's Banc del Barca is in fact a deluxa facility established with Banca Mas Sarda, whicb symptomatically, was a small, failing Catalan bank taken over about a year ago by Banco de Bilbao; wbat better way for a bank to recover from a run on its deposits than signing up a captive, 110.000-strong supporters club?

Mas Sarda is one of over 50 banks to bave collapsed, or to have had collapse averted by absorption into a larger unit, since the banking crisis began in 1977.

The total value of assets bald by these banks is, according to one private estimate, around $25bn, close to a fifth of total assets. To cope, the Bank of Spain and the private banks througb contributions to the Deposit Guarantee Fund, the system's safety net, have bad to pour in around $7bn in liquidity.

The latest, and it is now widely believed, the last shock to tbe banking system, came with the expropriation in February of Rumasa, till then Spain's largest private holding company which included 18 banks. Rumasa bas required over $1bn in official support, and according to the consolidated audit commissioned by the Government from Arthur Andersen, the group had a negative net worth of Pta 257bn ($1.67bn) at the time of its takeover.

Rumasa debacle

Few Spanisb bankers, if any, were surprised by the Rumasa debacle. Sr Jose Maria Ruiz Mateos, the group's former owner now living in London but facing charges in Spain, broke all the rules by the recklessness with which he expanded the concern, by the degree to wbich his banks lent to group subsidiaries (some Rumasa banks bad fourth fifths of their assets concentrated within the group, according to the authorities), and by paying out ruinously above-the odds interest rates in a bid to attract liquidity.

The Government's decision to expropriate did bowever cause surprise, and as this survey goes to press, a decision from the Constitutinnal Court on whether the procedure used was legal is imminent. The judgment will affect wbether the Government can go ahead with plans for privatisation of a small selection of the banks, the plum of whicb is the Banco Atlantico, in whicb aeveral foreign banks have expressed interest.

Of the other two large casualties the Socialists have had to deal with—Banco Urquijo, Spain's foremost industrial bank and the Banca Catalana group, founded by the Catalan nationalist leader Sr Jordi Pujol and the last significant regional banking group in Spain—Urquijo has been absorbed by its sister commercial bank, Banco Hispano Americano, which has fused it with Bankunion, another large, regionally based industrial bank it acquired last year from tha Deposit Guarantee Fund. Catalana, it is now expected, will be absorbed by the Banco de Vizcaya.

This spate of mergers now establishes the absolute predominance of the "Big Seven" banks (Banesto, Central, Hispano, Bilbao, Vizcaya, Santander, and Popular in order of size of deposits). The Seven control 80 per cent of all deposits in the banking system, with barely token challenge from the five, medium-sized regional banks behind them, which control about 5 per cent of deposits.

Spain has no large bank on the European scale and there has been some speculation that this process of concentration will continue through mergers. This, however, is thought unlikely, partly because of personal rivalries.

Despite the crisis, Spanish banks have in recent years been the most profitable in the world after UK banks. In the last 10 years, nevertheless, their return on capital has balved, and some bankers now argue, needs to come down further despite tightening of provisions for non-performing assets. There is some evidence however that banks are covering bad risks more. Bank of Spain figures show that in the last two full years around balf of net profits, or roughly Pts 50bn, have gone to reserves, while Pts 139bn last year (up from Pts 109bn in 1981) bas been earmarked for bad debts.

A further squeeze on tight margins comes from the growing portion of state directed lending. And rising obligatory deposits with the Bank of Spain, which taken together now amount to 36.2 per cent of deposits. Unremunerated deposits with the Bank have risen three times since the Socialists came to power to 7.75 per cent. Plans to change the method of computing these deposits by widening the base to bring in a range of quasi-money instruments will further pinch banks' liquidity.

At risk

As a result, a wbole range of instruments developed largely in the last two years, ranging from floating rate peseta notes and bills of exchange to promissory notes and mortgage bonds, are at risk. As one banker put it, "monetary control and innovation have come into conflict."

Many of these instruments were pioneered by the foreign banks, of which there are now 36 operating in Spain, despite the raising of capital requirements for incoming banks from Pta 750m to Pta 2bn.

But while the number of foreign operations has grown sharply, the cake has not. And in the wake of crises like the still not finally resolved $1bn debt renegotiation of the petrochemicals concern ERT, the foreign banks are having to get much more selective with their loan portfolios.

More cautious analysis of risk is beginning to permeate through the banking system as a wbola and is one factor stemming the flow of funds to the private sector. But the extent to which tha public sector deficit is crowding out private financing is the major structural worry. The deficit could rise this year to Pta 1600bn, or 7 per cent of GDP, according to a study by the AEB, the private banking association. The same study calculates that in the nine months to September, the flow of funds to the private sector bad fallen 11½ per cent to Pta 2227bn against Pta 2516bn for the same period last year.

Part of the problem is that banks are now getting the majority of their profits—one estimata puts the figure near three quarters—from treasury bonds (at 15·16 per cent), so-called Monetary Regulation Certificates (remuneration on which rose in May to 21½ per cent) and other state paper. An average 14 per cent return on private credit simply cannot compete.

After a flat first half the bank profits bave even started to pick up in the third quarter, largely as a result of the fact that formerly stricken banks that bave been refloated or absorbed are exempt from the obligatory Bank of Spain deposits; the extra liquidity can be used to take positions on the interbank market, or to attract depositors by paying above-the-odds rates.

David Gardner

Patience wears thin as delays continue

EEC entry

IT IS now nearly six and a half years since Spain applied to join the EEC. It is nearly four years since negotiations began on its terms of membership. Yet neither Spain, nor its partner in application, Portugal, has any clear idea of when it will become a member of the Community.

It is little wonder that patience is wearing thin in both Madrid and Lisbon. Lika his Portuguese counterpart, Sr Mario Soares, did in October, Spanish premier Felije Gonzalez expressed a national frustration on tha issue in o letter last month to each head of government in the Community.

His aim was to focus each participant at this week's Community summit in Athens on the question of whether or not they were prepared to agree thot the target date for Spanish membership should be January 1, 1986. He wanted the summit to endorse this as an objective for the accession negotiations which still have much ground to cover.

Yet the letter also recognised the possibility of a atill longer delay before the Community's enlargement is completed. This would, Sr Gonzalez implied, do a grave disservice to tha Spanish people although he warned, in a passage of great significance: "you can be sure that Spain will not give up its legitimate aspiration to take part in the construction of Europe."

In his letter, the Spanish Premier drew on the conclusions of the last EEC summit in Stuttgart in June to argue that there would be no justifiable pretext for further holding up the enlargement process if the Athens summit mada tangible progress on the major questions of internal Community reform.

The need for the EEC to adapt itself in preparation for enlargement has been the formal justification for the go-slow in the negotiations for the past two years. For much of this time, it has been unclear whether this was very largely a result of French insistence, or whether there has been o broader recognition that the implications are ao large that tha Ten must deal with them before admitting the candidate countries.

As time has gone on, it has become clearer that while French tactics are the proximate cause for the Community's foot-dragging approach to the negotiations, most other member states have been content to leave them in slow motion. Increasingly, they bave come to realise the advantages of completing the process of internal EEC reform before clearing a path to enlargement.

Different member states have different priorities. France's long standing concern has been to secure changes in the Community's Common Agricultural Policy so as to protect its fruit and vegetable growers from the possible impact of fierce competition from Spanish prodnce. The major French demands were satisfied in October when the Ten agreed modifications to their fruit and vegetables regime along tha broad lines Paris had been demanding.

Unpopular

Nevertheless, the Socialist Government in France is convinced that the prospect nf Spanish membership is so deeply unpopular among its farming support in the sonth that it is hesitating about pushing the negotiations along during its six month occupancy of the presidency of the Council of Ministers which begins on January 1.

A broader French concern, which has considerable sympathy in Britain, West Germany and other northern EEC countries, is the cost of enlargement.

This has been estimated by the European Commission as around 1.5bn European currency units (£855m) a year in the early years of membership.

There are fears, however, that the costs could become mnch higher, particularly if the Mediterranean sector of the CAP emerges relatively unscathed from the recasting of the policy which the Ten are currently negotiating.

The Commission'a CAP reform proposals were relotively benign as far as sonthern European products are concerned, despite the fact that their share of the agricultural budget is rapidly rising—22 per cent now as compared with 10 per cent four years ago.

Without some clearly agreed mechanisms for dealing with products whicb come into surplus or wbose costs are abnormally accelerating, there is a risk that enlargement will set CAP spending soaring again whatever reforms are agreed for northern produce. This has undoubtedly given a sharper edge to the search for economies in the CAP.

But the problem does not end there as far as the thrifty northern governments are concerned. If Ireland is counted as an honorary member of the "south," enlargement will line up five relatively poor, rural and administratively unsophisticated countries in favour of a significant transfer of resources from the richer "north." They will not only be looking to the CAP to enhance their agricultural prosperity, they will also be pushing for a substantial expansion of spending under structural policies, especially the social and regional funds.

Against this background, the emphasis in the Ten's internal negotiations on strengthening fiancial discipline within the existing Community takes on an added significance. It should not then be o surprise that It was France which produced the most comprehensive proposals for tightening political control of Community spending in the week before the Athens summit.

Back of the envelope calculations are enough to demonstrate that after enlargement France will become a significant net contributor to the EEC budget. The new budgetary procedures proposed by France, which aim at setting growth limits for overall Community spending, and within them for agriculture, would strengthen the control of northern governments over any transfer of resources to the south.

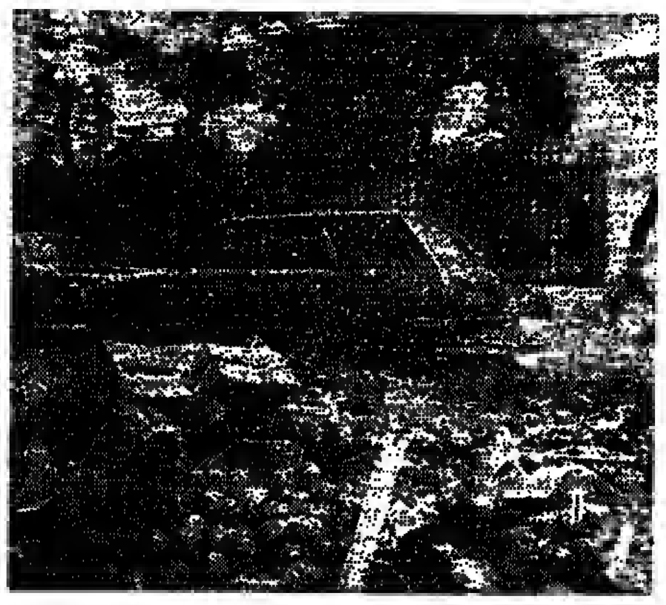
Northern interests

These calculations of the financial impact of enlargement on the northern interest hove helped line up tha EEC's leading members behind the Frencb view that the Community bas to make its dispositions before enlargement, since it will be very difficult to do so afterwards.

However, the Soares and Gonzalez letters bove been seen as politically important signals and it does seem likely that the Ten can reach sufficient agreements ot their next summit in March to lead to the completion of negotiations with Spain and Portugal next year.

Meeting the January 1 1986 accession target would still be difficult because of the time needed for legal drafting and ratification of the treaties by national parliaments. However, the fourth and potentially most difficult enlargement of the Community sbould at least be in sight.

John Wyles



Farmers' fury: hundreds of kilos of fresh tomatoes were dumped outside the French embassy this summer by Spanish farmers in protest against French farmers' attitude to produce being trucked ecross France

Nato issue still to be resolved

Foreign policy

A RARE RUMPUS took place in Madrid's normally staid parliament last month when a certain Sr Kirkpatrick—an MP from the neo-Francoist wing of the opposition Popular Alliance grouping—claimed that the Socialists were running a sectarian foreign policy on bebalf of "Red Spain."

Leaving aside the gratuitous aspect of this ritual invocation of Francoist demonology—tossed in to an early morning debate on the budget and startling the opposition almost as much as the Government—few descriptions of Socialist foreign policy in its first year could be wider of the mark.

The Socialists' management of foreign affairs has tended to be pragmatic, sometimes to the point of confusion, nationalist, and markedly pro-Western despite the unresolved doubts over Spain's future in Nato end the continuing hold-up in negotiations on the country's occession to the EEC.

Spain was frog-marched in to Nato by the previous centre-right odministration of Sr Leopoldo Calvo Sotelo. Although the Socialists support their predecessor's goal of giving Spain a voice in the highest decision-making coimcils of the West, they argue that Sr Calvo Sotelo deceived himself, the nation and Nato about the difficulties involved.

Chief among these is the strong tradition of neutralism in Spain, which took part in neither world war, and an associated preference for bilateral rather than multilateral relations.

Once inside the alliance, however, the Socialists argue that they bave no wish to contribute to a further rise in East-West tension either by outright withdrawal or by integration into Nato's military structure, which the Government has now frozen.

The Socialists remain committed to pntting the thorny issue of continued Nato membership to a referendum—a central pledge in their election campaign—though this will probably not now take place until 1985 at the earliest.

By then of course Spain expects to bave a firm decision on EEC entry and the Socialists will, in addition, have held their next party congress. In the meantime, the need to define clearly what Spain's Nato options are is seen as overriding.

Whether EEC entry is significantly nearer as the referendum approaches will weigh beovily in any decision and the Socialists are gradually making this more explicit. "It seems difficult to ask the Spanish people to participate in Western defence when the doors of economic integration are not opened to them," Sr Fernando Moran, the Foreign Minister, was quoted as saying last month by the defence review, Nato's 16 Nations.

The Socialist Party is itself divided on Nato. This has been evident throughout the year in contradictory statements by different ministers, in attempts by the Madrid branch to get the party to reaffirm its formally anti-great power bloc line, and by the outcry caused by remarks made by Sr Gonzalez on o visit to West Germany in Moy, bis first official trip to an Alliance country.

Sr Gonzalez told the West Germans—who are, significantly, Spain's staunchest EEC backers—that be "understood" the need for cruise and Pershing in Europe if the Genevo orms talks were to break down. This "understanding" marked a definite shift in emphasis. While all post-Franco governments bove been firmly opposed to nuclear weapons on Spanish aoil, the Socialists hod been fudging the Euromissiles issue by simply stating that Noto's twin-track decision had been taken three years before Spain entered the Alliance in 1982.

Tbe indications now are that Spain would like a hybrid arrangement with Noto similar to the arrangement reached by France after it pulled out of the Alliance military structure in 1966. Such an option, it is thought, would offer at least the possibility of convincing Spaniards that their sovereignty would be safeguarded and the country kept nuclear-free.

The clearest thrust of Socialist policy towards Nato has been its wisb to foster the imoge of a faithful ally: Sr Gonzalez, for example, stood out among West European leaders in general and Socialists in particular recently by his besitation in condemning the U.S. invasion of Grenada, claiming to have "insufficient information" to take a judgment.

This sounds not a little disingenuous coming from a vice-president of the Socialist International who has had the closest of connections with Central American and Caribbean affairs over the last five years. In autumn 1979 for example, Sr Gonzalez was at the centre of the so-called Carter plan for a negotiated aettlement in El Salvador. (A senior Foreign Ministry official argues, nevertheless, that Sr Gonzales was persuaded to stand back from the Grenada controversy by President Belisario Betancour of Colombia, a close friend and animator of the Contadora group of nations seeking a regional settlement in Central America, in case the opportunity arose to play either an honest broker's or humanitarian role).

> The Socialists remain committed to putting Nato membership to a referendum, a central pledge in their election campaign

Tbe Socialists have also ratified a new five-year bilateral defence treaty with the U.S., agreed with the Calvo Sotelo administration, allowing the Americans to retain the base facilitiea set up in Franco's time. With 11,200 servicemen in Spain, the U.S. bas the use of air bases ot Torrejon near Madrid, used for tactical fighter training; at Saragossa, where it keeps military airlift ond fighter units; at Moron near Cadiz (a standby focility); and of the Rota naval base, used to support the U.S. sixth fleet.

However, the text of the agreement has been altered to eliminate any assumption of Spanish integration into Nato military structures. Parallel with this, the Spaniards hove signed defence contracts worth $3.3bn with the U.S. in the year to June, largely for 72 McDonnell-Douglas F-18A fighters. The contracts allow for the transfer of technology, and Spanish access to the U.S. defence market.

The bases deal and weapons contracts do not, the Socialists argue, bind Spain irrevocably to Nato, but clearly the terms of both could change were Madrid to withdraw.

An additional consideration on continuing membership would be whether this furthers the prospect of recovering sovereignty over Gibraltar. The Socialists' deep commitment to getting back the Rock has emerged several times, notably in April, when they were outraged by HMS Invincible and a small flotilla of vessels using Gibraltar on their way back from exercises in the Western Atlantic. They issued the strongest protest heard since Franco's time.

After partially opening the border last year, the Government believes it is now Britain's turn to show some flexibility, preferably by granting full rights to Snaniards in Gibraltar. The Socialists are aware that the only loog-term solution is to win over the Gibraltarians themselves. They also recognise that while the return of Gibraltar may prove difficult inside Nato, if Spain were outside the alliance its chances of recovering the Rock would diminish.

On tbe EEC, the Government's frustration with the obstacles in the way to entry has driven them on to the sive, (see adjoining article) not least, by threatening trade reprisals against France unless Paris stopped obstructing Spain's entry negotiations. The main carrot/stick involved would be $1bn in arms contracts still to be placed, in which Freocb concerns have an interest (see defence article). The threat is implausible, however, since France is Spain's main trading partner—accounting for some 17 per cent of all trade with a substantial balance in Spain's favour.

Spain's involvement in Latin America, whieb, until recently, tended to be limited to ritual genuflections to their mutual *hispanidad* bas grown. Though there is little short-term prospect of Spanish trade with Latin Amarica growing, the moral influence of Spanisb democracy, particularly in the southern zone, has been demonstrated several times this year, notably through the rapturous public reception Uruguayaos gave King Juan Carlos in Montevideo.

As this survey is published, Sr Gonzalez is due in Argentina for the Investiture of Sr Raul Alfonsin, the newly elected radical leader. His tight schedule had to be altered at the last minute after the Argentines made it clear they considered the preseoce either of *Felipe* or the King as essential.

David Gardner

Civilian rule gains ascendancy

Defence

THE MADRID cocktail circuit a year ago was asking the question where "Felipe's" incoming socialist team would "hit the ground running." Diplomats, pundits and hangers-on made the question especially pertinent to the relations between the socialists and the military. After all had not a coup plot been nipped in the bud on the eve of the elections? How, it was asked, will Franco's army officers feel about taking orders from a party that Francoism had viewed as the "anti-Spain"?

A year later the scoffers have been silenced and those sceptical of a socialist-military entente have been reassessing their opinions. In the field of defence the Government has, at the very least, landed on its feet. One salient characteristic of the 1983 military affairs review is that for the first time since General Franco's death there have been 12 months free of real or imagined sabre rattling and coup scares.

This achievement is all the more impressive since it is hardly the result of pandering to the military caste. At the beginning of the year sentences were upped by the Supreme Court on the 1981 coup attempt leaders, some of whom had received insignificant jail terms when they were tried by a court martial. A retired general and former army minister who called for the release of the coup ringleaders had a week's house arrest order slapped on him and similar appeals by a handful of extreme rightist officers were also swiftly dealt with.

The image of a Government determined to uphold the principle of a military subservient to civilian rule was sharply illustrated in September when the commanding officer of the North Central military region was summarily sacked from his post for criticising government leniency towards terrorists—as well as bringing up, again, the taboo subject of an amnesty for the coup leaders. Previous centre party administrations had never dared take such a step against a top ranking field commander.

There were other instances of an assertive government. On the grounds of economy the defence ministry cut back on a major purchase of combat aircraft and made short shrift of cries of woe from the air force high command. Then, at year's end, the Government took a step along the path of remoulding the Spanish armed forces by unveiling its plans to substantially reduce the size of the army and to radically alter the command structure.

The personnel reforms were presented to Parliament as the "modernisation of the land forces programme" which came to be known as the "Meta" plan. This had been originally drawn up by the army chief of staff and was inherited as a blueprint by the present government. The socialists, however, took the credit of putting it into operation.

Under "Meta" the army will be reduced in size from its present 230,000 men to 150,000 by 1990 and the officer corps over the next five years will be reduced by a quarter. The programme also introduces a flexible promotion system, substituting more seniority by merit, and reduces the obligatory national service by three months from a present maximum 18-months. "Meta" finally includes a reduction of the present nine regional command zones, known as captain-generalcies, to six.

The "Meta" reforms will have a visible impact in so far as they will put an end to the present relative gerontocracy that commands the Spanish forces. During extensive Spanish-U.S. exercises carried out in southern Spain in October and November the two supreme commanders of the manoeuvres, codenamed Crisex-83, were the Spanish joint chiefs of staff chairman, General Alvaro Lacalle, 65, and the deputy chief of U.S. forces in Europe, General Richard L. Lawson, 54. The two field commanders were Spain's air force General Gregorio Martin, 64, and his U.S. counterpart General Ernest Cook, 48.

The new classification system for promotions, contemplated by "Meta," is already in operation. Over the next seven years it will be possible to have 26-year-old captains in the Spanish army and 53-year-old generals. The present average age of Spanish army captains and generals is 38 and 63.

At least as important as the "Meta" programme is the national defence law which the Government announced in Parliament in November as part of a package with the reduction of the army personnel. The law radically changes the present command structure of the services by doing away with General Lacalle's post of chairman of the joint chief's of staff and by significantly altering the role of the chiefs of staff themselves.

The existence of a joint chiefs of staff presided over by a chairman dates back to an earlier post-Franco reform of the armed services structure. That reform had abolished the Franco system of having an army, a navy and an air force minister (all of them officers) in the Cabinet and created a single defence ministry. The joint chiefs of staff was established, along with its chairman, as a compensation for the loss of political muscle.

What the earlier reform did not foresee was that the joint chiefs of staff would become a defence ministry in microcosm. The new post-Franco civilian defence ministers were to a degree supplanted by the chairman of the joint chiefs of staff whose role was to represent the armed services' viewpoint. The chiefs of staff as a body was defined by its brief as "the supreme collegiate organ" of the chain of command of the armed services.

Since the constitution lays down that the King is the supreme commander of the armed forces the collegiate organ became the focal point for a consensus of opinion among rightist army officers that the military should enjoy a measure of autonomy from the civilian-political process. According to this lobby, which argued its views in the newspaper El Alcazar, a Madrid extreme right wing daily owned by the Francoist civil war veterans association, the military should be able to bypass the Government and be subject solely to the Crown.

The national defence law leaves no room for equivocal interpretations. It lays down that national defence issues are the responsibility of the Prime Minister who can delegate to the Minister of Defence. In place of the chairman of the joint chiefs of staff a new post is created, that of defence chief of staff, who is directly responsible to the defence minister. The chiefs of staff of the three branches of the armed services become, under the law, an advisory body to the minister without any collegiate and executive overtones and, most obviously, without a titular chairman who can represent their views.

Defence Ministry sources see the new law as a corollary of the earlier reform which, in addition, stops in its tracks all pretensions of a "military autonomy." The new law creates the framework for a modern defence ministry on Western lines, devoid of all Francoist hangovers, and positively affirms civilian ascendancy over the armed forces.

Spain this year agreed to buy 72 U.S. McDonnell Douglas F/A-18 frontier fighters (right) to replace ageing squadrons of Phantoms, F-5s and Mirage IIIs. The deal is worth about £1.56bn. The air force was pleased with the Government's choice of aircraft but disappointed by the number ordered. The previous Spanish administration had planned to buy 84.

A key factor in the Socialist Government's relations with the military has been the manner in which the executive has taken two maxims to heart: "give orders" and "don't leak." This is in stark contrast to centrist predecessors in the defence ministry who alternatively cajoled senior officers or appeared cowed by them. Gone also is the practice of Madrid newspapers endlessly discussing the petty squabbles within the senior ranks. In the past year the defence ministry has put a brake on military gossip columns.

The Socialist Party's comfortable overall majority in Parliament, and the absence of Cabinet crises and internal party faction fighting which characterised the centrists, has removed the "vacuum of power" syndrome that in past years had so motivated coup-prone officers. While terrorism remains a top inflammatory issue it is nevertheless perceived among officers, wary of separatists seeking to break the "sacred unity of Spain," that the socialists do form the only credible opposition to the local nationalist governments in Catalonia and in the Basque country. Paradoxically the so-called "anti-Spain" party of the Franquistas has become the best insurance policy for the political unity of the country.

The arms buying policy was underlined by the 1984 defence budget proposal in which for the first time in 10 years personnel costs represented less than half of the total outlay by the ministry. The proposal allocated Pta 187.7bn for arms purchases next year, thereby increasing this chapter in the budget by 33 per cent against the 1983 allocation for purchases. The arms-buying chapter in the 1984 defence budget proposal was by far the largest single increase in the overall outlay of Pta 552.8bn which was an increase of 15 per cent on the 1983 defence spending.

On the whole, the socialists have—to the surprise of some service chiefs—closely followed the guidelines of a major eight-year investment programme to renew military hardware that they had inherited from the previous administration. One exception to this has been the reduction of 12 combat aircraft, from 84 to 72, at a saving of Pta 44bn in the contract to purchase F/A-18 fighter bombers from McDonnell-Douglas. The cut-back prompted the air force chief of staff to speak of a "day of mourning" for his service.

There has been no alteration however in investment plans totalling Pta 130bn to acquire a new generation of tanks or in a Pta 35bn buying spree to equip the army with surface to air missiles. These major contracts have allowed Spain to be courted by the French, offering the AMX-32 tank and the Franco-German Roland SAM, by the West Germans offering a partnership in a variation of the Leopard tank as well as the Roland missile and by the British and the Americans promoting respectively the Roland and the Chaparral missiles.

The Government has still to decide on what it buys, although the U.S. Chaparral appears an early loser given the defence ministry's current thinking that it should "buy European." The choice between France, Britain and West Germany for the purchases, and for others that may follow, is in the meantime being politically used by the Government as a counter in political discussions ranging from EEC entry to renewed talks on the sovereignty of Gibraltar.

Tom Burns

Hopes for end to violence fade

The regions

WHEN THE Basque Country was ravaged by major flooding at the end of August, one of the many old houses to be ripped apart yielded up an arms dump — but for once, one of more interest to historians and museum curators than to the police. The old rifles and bayonets found dated from the Carlist wars of the last century, and are believed to have belonged to the priest Santa Cruz, a sanguinary ayatollah figure who commanded 1,200 irregulars during the period.

The anecdote is told by a leader of the mainstream Basque Nationalist Party (PNV) —and proud owner of one of the muskets from the find—to underline his claim that the violence which continues in the Basque Country is part of a 150-year dispute unleashed by central government attempts to deprive the region of its historic rights, or *fueros*.

It is a view which found implicit support at a closed seminar on terrorism last year from, of all people, a Lt-Col in the paramilitary Civil Guard who has played a major role in the drive against terrorism. He argued that in the past 150 years there had always been a section of the Basque population inclined to look at the rest of Spain down the barrel of a gun.

Such depressing, almost fatalistic observations are increasingly common, one year after the Socialist triumph at the polls brought hope of an end to violence in the Basque Country and of an end to the confrontation between central government and the Basque and Catalan autonomous governments.

The terrorist violence of ETA, the Basque separatist movement, shows no sign of abating although police action has held it at levels well below the peak period of 1978-80; and the Basque and Catalan nationalists are if anything more mistrustful of the Socialists than of their Centre-Right UCD predecessors.

And yet the home rule process, now extended to all Spain's 17 component regions and so-called "historic nationalities," goes on. The Catalans go to the polls on April 29, the end of the current nationalist executive's four-year mandate, and elections for a new Basque government will probably take place at the end of January, a couple of months ahead of schedule.

Few now openly question the quasi-federal structure of democratic Spain and the courts have tended recently to back the regions against central government attempts to roll back devolution.

Crucially, in August the Constitutional Court in effect threw out the main instrument through which the Government was attempting to slide the process into reverse, the cumbersomely-named Law for the Ordering and Harmonisation of the Autonomies Process, known by its acronym LOAPA.

Conceived originally as an expedient to mollify the generals in the tense aftermath of the 1981 attempted coup—prompted in part by military reaction to terrorism and what they viewed as the break-up of Spain—the LOAPA was hurriedly put together by the Socialists and the then ruling and now defunct Union de Centro Democratico (UCD).

The LOAPA, passed by Parliament in June 1982 but not promulgated after Basque and Catalan nationalists, with Communist backing, appealed against it, was designed to enforce a restrictive, legalistic interpretation of the Basque and Catalan statutes of autonomy, its main targets.

Its key provisions were to abolish all "exclusive" jurisdiction of the regional administrations, and to reduce regional parliaments to virtual empty shells by making their legislation subject to the Madrid parliament.

The Constitutional Court agreed with the nationalist claim that this was a reform of the constitution through the back door, and that parliament had overstepped its powers in passing the bill. However, Sr Tomas de la Quadra, Minister for Territorial Administration and the man who drafted the original Socialist contribution to the LOAPA, pointed out that in any case, the courts had found for Madrid in a majority of the specific conflicts between regional and central government legislation.

And it is in this latter dimension—the extent to which basic laws in areas like health, education, social security and labour relations, R & D can be imposed on the autonomous regions—that the nationalists perceive the real threat, rather than from an emasculated LOAPA.

Sr Miguel Roca, spokesman in the Madrid Cortes for the ruling Catalan nationalist party, Convergencia i Unio (CiU), argues that the Socialists are determined to limit devolution to mere administrative decentralisation.

The mainstream Spanish parties did indeed decide, at the beginning of the devolution process, to disguise the *political* decision to grant home rule to the Basque Country and Catalonia (and later Galicia and Andalucia) as the administrative rationalisation of an over-centralised state.

In order to sell the idea to the military and demonstrate that there were no special privileges for Basques and Catalans, the same uper limit of self-government was offered to all Spain's regions.

The nationalists believe that what was originally a tactic has become under the Socialists the strategy itself. Instead of co-ordinating, they argue, the Socalists are trying to coerce: to impose uniformity rather than ease the jigsaw pieces into interlocking positions.

This could all be dismissed as part of the normal cut and thrust of politics in a state moving towards federalism were it not for the gravity of the Basque problem—the piece which has been resisting integration into the puzzle for 150 years.

The Basque Country was the one region of Spain to reject the Spanish constitution when it was put to a referendum in December 1978. It was hoped that the statute of autonomy agreed the following year would bring the Basques back into step with the rest of the country.

There remained, however, a sizeable slice of the Basque population committed to independence, and it has been the inability to address this problem that has kept the region stuck in a violent impasse, with an atmosphere of hostility and mutual incomprehension between Madrid and the Basque authorities on the one hand, and a sustained campaign of destabilisation by ETA on the other.

ETA has claimed just over 500 victims since the death of Franco. It is well-armed and well-financed by the still widely-practised extortion of the so-called "revolutionary tax" on local businessmen and professionals, by kidnap ransoms and occasional bank or payroll raids, and by business interests it holds in Venezuela and, it is believed, Mexico.

Committed support for ETA is not as great as Herri Batasuna's (HB) showing at the polls would suggest. HB has regularly won between 150,000 and 210,000 votes—or up to a fifth of the poll—in five elections since 1979.

Yet several recent studies, including one in the current issue of the Socialist journal Leviatan, show that a large slice of this support is neither irredeemably wed to the goal of independence nor committed to violence as the means of attaining it.

Few now openly question the quasi-federal structure of democratic Spain and the courts have tended recently to back the regions against central government attempts to roll back devolution

This sort of evidence tends to back up the PNV-favoured strategy of trying to isolate the terrorists politically, principally by creating the conditions in which home-rule can be seen to work. The Socialists initially accepted that a combined political and police approach to the problem was needed.

Indeed a senior socialist was involved last autumn, at the time of the general elections, in talks with all wings of ETA.

Both these talks, and a subsequent attempt by Sr Carlos Garaikoetxea, the Basque President, to get HB and Basque Socialist leaders around the same table proved abortive.

A major part of the problem is that ETA believes it is only worth negotiating with the armed forces, which they see as the ultimate arbiter of power in Spain. This view was nurtured by the experience of negotiating face to face with senior officers in March 1977, which, apart from giving ETA a vicarious taste of power, also made the military a prime terrorist target thereafter.

ETA has killed 36 officers including five generals; the two most recent victims — the marine commandant in the fishing port of Bermeo and Alberto Martin Barrios, a captain in a pharmaceutical unit — could hardly have been further removed from the exercise of real power.

Faced with the most recent ETA offensive, the Government has announced that the time for political solutions has passed and has gone on to the offensive with a draconian new package of anti-terrorist legislation.

Although the draft measures provide for much stiffer penalties for those actually convicted of terrorism, the thrust of the legislation appears aimed at undermining ETA's political support.

A range of opinion from the PNV to Spain's main daily newspaper, the liberal El Pais, believes the measures will actually boost support for ETA and its entourage, and it has the overwhelming weight of evidence on its side: ETA thrives on police repression.

In January 1981, a quarter of a million people demonstrated in Bilbao in a wide-spread wave of revulsion against ETA's murder of Jose Maria Ryan, chief engineer at the controversial nuclear power plant of Lemoniz. A similar number of Basques were on the streets a matter of days later after the death in police custody of Joseba Arregui, an ETA suspect.

At the end of October, another big demonstration took place in Bilbao after ETA murdered Captain Martin Barrios; the disappearance shortly afterwards of two ETA activists in the French Basque country—widely attributed to Spanish police operating clandestinely in a cross-border "dirty war" against the terrorists—brought out a counter-demonstration of practically the same size.

In the aftermath of the August floods, which should have been and in some respects was an opportunity for a show of solidarity between Spain and the Basque Country, any goodwill generated, particularly towards some police and army units involved in rescue and repair work, was dissipated in one half hour news programme on state controlled television.

This was devoted almost exclusively to the role of the army and paramilitary police after the disaster, virtually ignoring the way the divided Basques rallied as one to get the job done.

As one Basque MP remarked, "If the Government were to employ with us just a small part of the imagination and tact it shows in dealing with the military, it would be a great advance."

David Gardner

Tom Burns on the painful modernisation programme

Half measures rejected in fight for fitness

Industrial restructuring

ONE VIEW is that Spanish industry has been put on a crash get fit course, has started to shed mountains of excess fat and is agonizingly succeeding in getting into the trim necessary shape to enter Europe.

Another view is that industry has virtually ground to a halt. Nobody expected the change from the paternalist autarchy to an EEC geared economy to be an easy one and obviously tha hardship is aggravated a hundredfold when the change takes place at a time of recession. But few expected the cost to be so high.

The most glaring indicator of hardship and cost is the unemployment rate. With 2.3m jobless representing 17.3 per cent of the active population Spain's unemployment statistic is the highest in Western Europe.

The Industry Ministry's White Paper on industrial reconversion estimates that 65,000 jobs will be lost under the restructuring plans.

This is a revised figure as an earlier draft of the Government's blueprint for change said there would be 50,000 redundancies. Trade unions double the figure of job losses. The Workers' Commissions Union estimates that 30,000 jobs will go in Catalonia alone. The Industry Minister, Sr Carlos Solchaga, usually has the last word in the redundancy debate by pointedly saying that without any reconversion plans as many as 40,000 lay-offs could be expected in the short to mid-term.

The unemployment issue is a crucial one because the best remembered campaign promise of the Socialist Party during last year's elections was its pledge to create 800,000 jobs during its four year mandate. The most the Government has been able to claim this year is that the rate of job losses has slowed down somewhat—a trend which Prime Minister Felipe Gonzalez candidly admits has more to do with unemployment hitting rock bottom than with any positive government action.

High unemployment

As in the case of the industry White Book estimates the magical figure of the campaign has also been revised and the current pledge is to create 690,000 jobs. According to the research department of the Banco de Bilbao, should the Government actually deliver its 800,000 promise in 1986 the unemployment rate would still be 13 per cent of the active labour force. The bank's report suggests that present trends will continue and that the jobless rate will be around 18.5 per cent in three years.

Sr Solchaga and his team stress that Spain is now beginning to experience a reconversion process that Western Europe mostly completed five years ago. One lesson that Sr Solchaga insists was learnt from the European restructuring is that there can be no half measures, for the so-called "sweet method" of revamping industries does not bear results.

The Industry Ministry concedes however that a series of key factors that help soften the restructuring blows are absent in Spain. There is clearly not a favourable labour market situation, nor can serious claims be made about employer responsibility and trade union pragmatism.

For the better part of this year Sr Solchaga strove to make the employers and unions a party to the White Book. In the end the cabinet adopted the Industry Ministry's guidelines without any consensus emerging from the tripartite talks.

The absence of other factors that would positively condition the reconversion process is more directly accountable to the Government. A major criticism levelled at the Industry Ministry is that it has plunged into reconversion with inadequate planning. There is, for example, a woefully deficient employment infrastructure which is hard pressed to provide data on new employment patterns and job forecasts.

Nor has the Government been able to produce a coherent legislative package dealing with retraining, subsidies and credits for those made redundant. Discussion centres chiefly on increasing the present 18 months long unemployment benefits to three years for the casualties of reconversion.

Timetable doubts

The reconversion of steel and shipbuilding is discussed elsewhere in this survey. Sr Solchaga is fully committed to both but already doubts are being raised over whether he will be able to keep to his timetable. The steel reconversion, and notably scaling down of the Altos Hornos del Mediterraneo integrated steel mill, is behind schedule. Next year reconversion will be applied to the textiles and shoe manufacturing sectors.

As in the case of steel and shipbuilding both these sectors bave been following government sponsored restructuring programmes since 1981 and the White Book has superimposed on the existing programmes more ambitious objectives and an accelerated pace of change. The textile sector represents the largest block of redundancies in the entire reconversion programme with a scheduled 41,000 job losses by 1985 or 21 per cent of the sector's labour force.

The restructuring plans for the shoe manufacturing industry are less drastic as far as employment is concerned with 3,100 redundancies or 5 per cent of the total by 1985.

The reconversion of the two sectors, involving 7,800 medium and small companies, is likely to be a highly complex task. According to the Director General of the Industry Ministry Sr Ednardo Santos, both the textile and shoe manufacturers will have radically to alter their product line over the next 10 years to the point where up to 50 per cent of their output will be new products.

Gearing industry up for Europe clearly involves more than trimming excess labour. There is still a considerable amount of industrial legislation that has to be brought into line with Community practice and with the new terms of trade. Spain still has on its statute book bills setting out the framework for national production or for preferential investment sectors dating back 40 and 20 years which at the time sought to establish the basis for a growing internal consumer market. Such legislation is of scarce use to an export oriented framework.

A chink in Spain's protective armour was made in the spring when tha Ministry bowed to Community pressure and entered into an agreement with Brussels, negotiated by the European Commission, that made possible an increase of up to 25 per cent of EEC car exports to Spain. A 37.6 per cent duty established by the 1970 Spain-EEC agreement was undercut by a low-tariff quota for 15,000 cars.

Under the new terms 5,000 small cars, 1,275 cc to 1,600 cc, will be paying a 19 per cent duty and 10,000 2 to 2.6 litre cars will be paying 25 per cent. British Leyland, for one, was hoping as a result to increase its 1,200 cars sold in Spain in 1982 to as many as 5,000. For Spanish manufacturers it was a taste of things to come.

A greater headache with Europe was prompted by continuing difficulties over steel exports. The main export target was West Germany where imports of Spanisb reinforcing bars rose from 4,140 tonnes in 1980 to 84,849 tonnes in the first aix months of this year. Spain was accused of undercutting EEC steel base prices by an average of 12.4 per cent and, of forcing the Community to lower its own prices. The result bas been that Brussels has imposed a provisional anti-dumping duty on Spanish exports of concrete reinforcing bars and has suspended bilateral price agreements covering the sale of the product.

As adjustments were made and lessons digested the overall problem remained of sluggish industrial activity. At year's end it emerged that forecasts for the Instituto Nacional de Industria (INI) were wildly out of joint. The state holding company's chairman, Sr Enrique Moya, had optimistically projected in May losses of Pta 80bn this year which would represent Pta 20bn less than in 1982. Sr Moya also suggested that INI had set itself a four year target to break even.

The likelihood however is that INI's 1983 losses will be in excess of Pta 150bn, double the forecast and 50 per cent up on last year's provisional 1983 estimates showed financial costs of Pta 171bn and an external debt totalling $5.5bn.

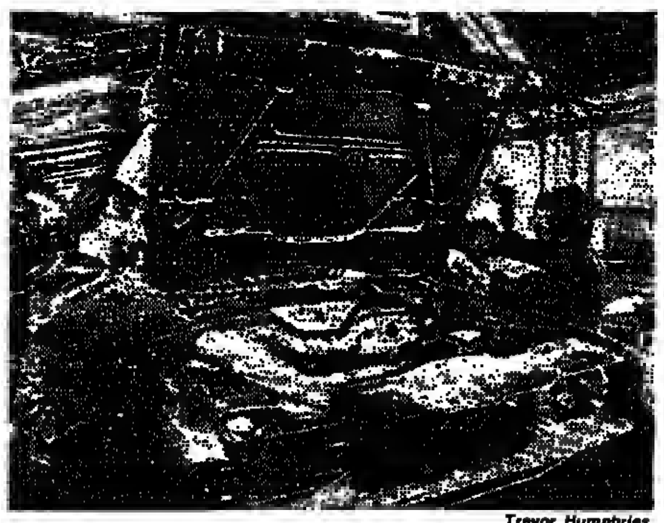
What makes these results particularly embarrassing for Sr Solchaga and the Government as a whole is that from the Prime Minister downwards the Socialist message was that INI had to stand on its own two feet.

One bright moment for INI during the year came with the world recovery of aluminium prices which permitted it to refloat the integrated smelter complex Aluminio Espanol and look forward to the prospect of profits next year. Aluminio Espanol went into temporary receivership in the autumn of 1982 following the biggest suspension of payments to date. The suspension was prompted by the refusal of France's Pechiney Ugine Kuhlmann (PUK), a major shareholder in the smelter together with INI and Alcan of Canada, to take part in further capital increases.

With the aid of a viability plan drawn up by Chase Manhattan and tha upsurge in prices INI was able to provide the lion's share of the capital increase to lift the receivership and reduce the stakes of its foreign partners.

There was less success, however, with the other industrial casualty of 1982, the private sector chemical group union Explosivos Rio Tinto (ERT). The conglomerate, in September last year, informed its 125 Spanish and foreign creditor banks that it was unable to pay the principal on debts totalling $1bn. Throughout this year ERT has been negotiating its recovery and two rescue plans have been rejected by the creditor banks.

The likelihood is that ERT will declare a formal suspension of payments and go into receivership. Divestitures of Pta35bn up to 1986 will then ensue with credits being offered to exchange debts for assets.



Trevor Humphries

Spain is now the fourth largest car producer in Europe and output this year is expected to exceed 1.1m units. Above: a Chrysler assembly line in Madrid.

The sector's installed capacity is heavily under-utilised

Scramble begins for domestic market

Motors

SPAIN over the last decade has broken into the top rank of car producing nations and has now overhauled Britain as the fourth largest European manufacturer. Now that GM's Saragossa plant is in sight of its eventual production target of 270,000 Opel Corsas a year, output this year is expected to top 1.1m units, up from 927,500 last year.

Yet domestic demand remains flat and despite a major export effort, the industry's installed capacity was under-utilised by 42 per cent last year. As a result, a dogfight has begun for market share, with the introduction of a plethora of new models and still more capacity dut to come on line.

GM's decision to mount its major challenge to the European small car market from Spain has had a major impact on the Spanish market itself. At one level, the company's output will provide the equivalent of about half of this year's expected 2 per cent growth in GDP. In the industry itself GM has already collared about 8 per cent of domestic sales while its exports account for more than the 31 per cent increase in foreign sales in the first eight months.

Not a whit dismayed, its five competitors are tooling up to meet the challenge to their market shares.

Ford, with currently about 13 per cent of tha home market, has raised capacity at its Almusafes plant from 1,140 to 1,240 units a day and is spending about $70m on robotisation and a new 1.3 litre engine facility. It has already expanded its range with a new-look Fiesta and the introduction of the Escort and in the spring plans to add the Orion at the middle-to-top end of the range.

SEAT, the troubled national car producer which after its acrimonious divorce from Fiat in 1980 reached a seven year technology and production deal with Volkswagen last year, is completely refurbishing its Pamplona plant (until 1974 owned by BL) to produce 120,000 VW Polos and Derbys from next year. Its 300,000 capacity Barcelona plant will also make 30,000 VW Passat and Santanas a year.

Inside the industry, SEAT is seen as the company most likely to lose out in the current scramble for market share (its own is about 26 per cent and falling despite a target this year of 32 per cent).

It has acumulated losses of Pta 65bn in the last three years despite cutting it workforce from 32,000 to 25,000 to produce two thirds less per man than, say, GM. It has had to bear crippling financial charges (Pta 22,672bn last year, nearly equivalent to its Pta 23,665 losses) but expects to get most of the Pta 55bn capital injection it is seeking from the Government next year. The deal with VW has brought no new cash.

Competitive

It is starting from behind in a market which has become fiercely competitive. Nevertheless, it has two years to run on its marketing arrangement with Fiat for up to 100,000 restyled models, and has set up its own foreign dealer network in addition to its access to the VW network for 50,000 Polos (the International Chamber of Commerce's Arbitration Court on Paris last month dismissed Fiat's attempt to prevent SEAT marketing its Ronda version of the Ritmo saloon independently).

And SEAT has high hopes for two new models to be unveiled next year: a small saloon code-named S-I and a two-litre-engined model called S-3 developed with help from Porsche and Karman of West Germany and Ital Design of Italy.

The Talbot-Peugeot-Citroen trio, which has been going through a difficult period sorting out its franchises, plans two additions to its existing range, with up to 40,000 Peugeot 205s to come out of its former Chrysler plant near Madrid and 25,000 Citroen BX, the replacement for the GS range, planned for its Vigo unit in the North-West. The group as a whole controls about 16 per cent of the market.

Renault, the market leader with about a third of sales and six models in the best-selling top 10, is concentrating on variations within its existing R5, R9, R18 range, and like all its competitors, is increasing its production of diesel-fuelled models, which in several ranges now command 50 to 60 per cent of the market (the switch to diesel gave Talbot's Horizon a new lease of life, for example).

To top all this, there is even an interloper from outside the strictly passenger car class, in the form of the Nissan Patrol, produced by the Barcelona-based tractor and van manufacturer Motor Iberica, formerly part of the Massey-Ferguson group but now controlled by the Japanese company.

Yet despite this optimism, domestic demand shows little sign of recovering to mid-70s levels. Registrations this year are running about 5 per cent up on last year's 535,000—but still a fifth down on 1977. With installed capacity of over 1.6m units, the six manufacturers have a potential surplus of over a million cars to be either absorbed by exports or excess to requirements.

Exports rose last year to 495,157 units against 433,131 in 1981. This year, once GM's contribution is stripped out, the five other manufacturers taken as a whole are actually exporting less. One problem is that despite a widening range at home, virtually all the industry's exports are aimed at the small car market where the competition is toughest.

In the domestic market, the major brake on increased sales is the high cost of getting a car on the road: a 24 per cent luxury tax plus a range of other levies adds a full 42 per cent to the sale price.

In addition, those manufacturers who want to widen their range by importing face the government setting of intercompany prices and a 36.7 per cent import tariff.

The car companies therefore have a particular interest in rapid Spanish entry into the EEC.

David Gardner

A major national structural problem

Steel

THE STEEL industry has dominated headlines in Spain during the past year. The general public awoke to the fact that the steel crisis was a major national structural problem. The credibility of the Government and, it became apparent, the future viability of Spain as a competitive industrial nation, depended to a large extent on solutions to the crisis.

The steel sector was characterised by an inflated labour force and by a supply that far outstripped demand. The state-owned integrated steel plant of Altos Hornos del Mediterraneo (AHM), near the town of Sagunto, became a household word. It was at Sagunto that the battle lines of emergency restructuring were drawn.

At the beginning of the year annual per capita consumption of steel had dropped to 210 kilos which represented a sobering drop from the historic high in 1974 of 334 kilos. The 210 figure was the same domestic consumption level as that of 1968, the difference being that the 1968 production total was just over 5m tonnes while that of 1984 was 13m tonnes.

Sr Jorge Alvarez Muniz, the chief development executive of the major nationalised steel plant Ensidesa, starkly, and correctly, warned that the 1983 results did "not permit the slightest hope for any recovery."

The second component of the structural crisis is the labour force. Against a 33 per cent drop in steel employment in the European Community during the 1974-82 period only 22 per cent of the jobs were shed in the Spanish sector. It is claimed that the employment problem is comparatively aggravated in Spain where there has been an excessive recourse to natural wastage and early retirements and insufficient real pruning of jobs.

As elsewhere in Spanish industry the slump coincided just as the steel sector was geared to a high production capacity and just as the political transition turned industrial "peace" into a top priority. A report by Japan's Kawasaki Steel Corporation, commissioned by the Government, concluded that current integrated steel production in Spain could be maintained with a 23,000 labour force against the present 38,000 employees of Ensidesa, AHM and the privately run Bilbao-based stel plant at Altos Hornos de Vizcaya (AHV). The Spanish steelworkers' tonnes per man rate is the lowest among the western economies with the exception of Britain.

The artificial "political" need to maintain employment meant that Spain lowered its steel production to just 75 per cent of its pre-slump high totals against the comparative European Community drop to 60 per cent. The collapse of the Spanish domestic market forced Spain into a headlong drive for exports to the point where the Spanish steel sector is now the seventh gross exporter in the world and the fourth in net terms, exports against imports.

Protectionist

This has increasingly exposed Spain's steel to the protectionist trends. At present, exports account for 30 per cent of Ensidesa's output, a proportion viewed as decidedly unhealthy by the company's chairman, Sr Jose Maria Lucia, who is also chairman of AHM and presideot of the Instituto Nacional de Industria's (INI) steel division. Sr Lucia hopes to cut down Ensidesa's exports to 15-20 per cent of the production total by 1987.

Faced with the crisis, the Industry Ministry team headed by Sr Carlos Solchaga has inherited existing restructuring plans for the sector outlined by the previous Industry Minister, Sr Ignacio Bayon. As Sr Lucia put it: "There is no magic wand" in the business of making a steel industry viable.

The main outlines of the so-called "bayon" plan endorsed by Sr Solchaga are major investments to modernise and expend the lamination process at the integrated steel plants and a commitment to high quality and maximum profit products. The steel industry as a whole is looking for better price structures and for a narrowing gap between Spanish output and that of its chief competitors. Also on the agenda are cost and stock reducing plans and an energy saving programme.

The qualitative difference between the earlier and the present restructuring plans boils down to the realisation by the public during the year that Sr Solchaga is actually practising what he preaches. The industry Minister has taken the major step of announcing the progressive closure of the AHM integrated plant at Sagunto.

In July the Government refused to allocate funds for the installation of a hot rolling mill at AHM. The policy decision had an extraordinarily psychological effect which was sustained throughout the year as much by the trade union opposition to any redundancies at AHM as by Sr Solchaga's adamant determination to carry the process through.

The Minister, who has in the course of the year become one of the best known members of the Cabinet, let it be known that any backsliding by the Government over his restructuring plans would prompt his immediate resignation. Sr Lucia, the executor of what is now termed the "Solchaga Plan" claimed that there is now a decisive political will to come to grips with the sector. Beyond that both Sr Lucia and Sr Solchaga believe that there is a new found sensitivity among Spaniards over the issue and a public willingnesa to accept the consequences of the scaling down of a plant.

The issue is, of course, seen differently at Sagunto where the labour force has staged 12 general strikes in the town in the course of the year and collected 700,000 signatures opposing the Government's cutbacks. The Communist-led workers' commissions trade union, which is the majority labour force at the plant, claims that at the very least it has won a stay of execution.

Inevitability

Union leaders say that ever since 1977 they have faced the inevitability of industrial reconversion and accepted the principle that this would mean cutbacks both in production and in employment. The chief thrust of the opposition to the Government's restructuring plans is that successive white papers issued by Sr Solchaga's team pay only lip service to the policy of "reindustrialisation" which in theory should accompany the reconversion. According to Sr Juan Ignacio Marin, leader of the metal workers' federation of the workers' commissions, the "Solchaga plan" will turn Spain into "a nation that puts together cars and exports oranges."

An underlying complaint concerns the public funds that will be extensively used for private sector reconversion. Sr Marin argues that public money should be converted into equities and that in addition the Government should be spurring on the private banks to invest heavily in the entire restructuring process.

The workers' commissions have spearheaded the protests against reconversion. Sr Marin, in particular, has become something of a *bete noire* in the eyes of the administration and earned himself a personal ban, issued by Sr Solchaga, at the tripartite talks with unions and employers.

The employers' confederation CEOE, for its part, takes the opposite view and has warned that far from bailing out private enterprise the Government is sponsoring a "veiled nationalisation programme." Sr Eduardo Santos, director general of steel at the Industry Ministry, claims that Government policy steers "a middle course between nationalising losses and allowing indiscriminate bankruptcies." The main guideline is to use public money to refloat crisis companies and then offer them back to the private shareholders who retain a first option.

Next year is viewed as decisive for the steel industry after the great reconversion debate that has carried on for the past 12 months. AHV appears the best-placed concern in the integrated steel sector and Sr Juan Luis Burgos, its chairman, told shareholders this year that 1986 was the target date for breaking even; 1982 losses at AHV of Pta 8.5bn on turnover of Pta 68bn were Pta 2bn down on the previous year.

Over the next three years Sr Burgos expects to shed between 1,500 and 2,000 jobs of the 11,000 AHV labour force and arrive at an annual production total of around 2m tonnes. Official reconversion credit to AHV over the three-year period totals Pta 42bn.

Reconversion

Ensidesa plans to shed 5,500 jobs, a quarter of its labour force, by 1989 and will be receiving Pta 159 (close on $1bn at the current exchange rate) worth of official investments for its reconversion programme. A feature of Ensidesa progress this year is that it has run down stocks and reduced output by more than 500,000 tonnes to below 4m tonnes. The INI-owned company showed losses of Pta 21bn last year on turnover of Pta 141bn.

The Sagunto-based AHM, which lost close on Pta 9bn in 1982 on Pta 26bn turnover, will continue to lose colossal sums right through next year with losses at the end of 1984 estimated at Pta 11bn.

In 1985, with half the AHM's 4,000 labour force redundant and the output drastically scaled down, the trend will be dramatically reversed and losses will be under Pta 2bn. By 1989 AHM should be in the black. All of this of course depends on Sr Solcharga having his way and determinedly carrying through his reconversion plan.

Tom Burns

Key talks on restructuring

Shipbuilding

MIDWAY through this year Sr Francisco Aparicio, chairman of the National Shipbuilders Association, Construnaves, made a sombre assessment of the state of the industry. Five yards did not have a single order on their books; in the first six months of 1983 13 had delivered their last order; 14 more would have done so by this December; and only 13 yards were assured of work. Sharing a view that 1984 would be the worst year ever experienced by the sector in Spain, Sr Aparicio said the situation was "extraordinarily serious."

At year's end the Government, the employers and the unions were involved in key talks over the restructuring of the shipbuilding industry against a backdrop of strikes and demonstrations. A draconian reconversion plan outlined by the shipbuilding division of the Instituto Nacional de Industria (INI) which owns the two major yards, Aesa and Astano, mirrored the extent of the crisis: some 20,000 jobs, about half the labour force, had to go and production had to be cut by two-thirds.

Astano and Aesa will have lost $200m this year and could lose on present estimates close on $300m in 1884. Under the reconversion plans, geared to production expectations of 250,000 compensated gross registered tonnes in 1986 at the two main state shipyards, INI's shipbuilding division rould break even by that year.

Unsold vessels

"We have to produce only what we can sell," says the division's president Sr Pedro Sancho. It was a comment on six unsold vessels completed during the year, orders for which fell through at the last moment, and on total stocks calculated at 300,000 compensated GRT awaiting buyers.

The restructuring of Spain's shipbuilding industry is the second on the overall reconversion programme list, after the steel sector. It could prove, perhaps, the most problematical revamping sector for the Government.

The major shipyards are centred in the politically charged atmosphere of Bilbao and also in El Ferrol, Galicia, and in Cadiz, Andalucia, where there is little altrenative industry. The first hint of restructuring, of yard closures and job losses, prompted a major labour response particularly in Galicia where the protests were led by the Communist workers' commissions and by the local Galician intersindical trade union organisation.

The reconversion of the sector is however crucially overdue. Just before the 1974 oil crisis and the collapse of the market Spain had become a major shipbuilding power. It ranked fourth in the world in 1973, behind Japan, Sweden and West Germany, and had an annual production of 1.3m GRT which accounted for 4 per cent of the world output.

Astano and Aesa had orders in 1973 totalling 6.1m GRT which softened the impact of the crisis for the two companies through to 1977.

By the end of the '70s the picture had altered drastically for Spain as well. Production at the major yards in 1980 was half the 1973 figure and orders at the end of the decade represented just 1.2m GRT. The last year that INI's shipbuilding division returned profits was 1975.

While loss making shipbuilding industries elsewhere in the world sharply reduced their labour costs, lay-offs in Spain were proportionately lower. The pattern was similar to that in the steel industry.

Recession coincided in Spain with the delicate political transition and thoroughgoing reconversion plans were shelved in the interests of buying industrial peace. A total of 11,700 jobs were shed in the Spanish shipbuilding sector in the period 1975-81 largely through natural wastage. Not a single yard was closed. In the same period labour costs in the Spanish shipbuilding industry soared by 134 per cent.

According to INI's shipbuilding president Sr Sancho the rationalising surgical knife has immediately to commence incisions. Forecasts by INI estimate 10 major orders in 1984, a year viewed as rock bottom, and 15 in 1885. The modest expectation of 250,000 compensated GRT for 1986 means that, at the very least, the maintenance of all the major yards is utterly non-viable.

INI and Sr Sancho recommend that the Olaveaga yard in Bilbao be merged with the adjoining plant of Sestao and that the Astano yard in El Ferrol be temporarily closed. The estimated orders for the next two years only ensure continued productivity at the Sestao plant and at INI's yard in Seville and Cadiz.

Viability plan

INI also controls five of the 35 small shipbuilding companies which have together drawn up a viability plan sponsored by a company jointly set up by them in February 1982 named Sorema, Sociedad de Reconversion Naval. From the outset the state holding company made clear that it would not take on board any more loss-making private sector shipbuilders—an attitude reaffirmed during the year by the Government's stated policy decision that INI should under no circumstances become a cemetery for white elephants.

Sorema accordingly produced a blueprint report suggesting possible mergers in the private sector and earmarking yards and labour forces to be shut down and made redundant.

The starting point of the Sorema viability plan is as bleak as that of the major shipyards—the 35 companies grouped in Sorema are those capable of building ships of up to 10,000 GRT with the exception of union Naval de Levante which can construct 15,000 GRT vessels. Union Naval de Levante, based on the Mediterranean, north of Valencia, employs an 1,800 labour force and is the leader among the small shipbuilding companies which have a total of 12,500 employees.

According to the Sorema report some 5,000 of the small yard labour force, close on half of the total, should be axed. The linchpin of the plan is to increase productivity by 2 per cent and to reduce the proportion of labour costs in the completed vessel by 25 per cent.

The basis of the study is that the output of the small yards in the 1980-82 period was 245,000 compensated GRT. This figure is a 44 per cent shortfall on the 1974-76 output and represents a 36 per cent decrease in individual worker productivity. The mid-term viability forecast by Soremas for an annual output of 300,000 compensated GRT with a labour force of 7,600.

T.B.

Joining the Common Market would bring overall benefits to farming, but some areas would suffer, writes **David White**

Casting a shadow over the EEC talks

Feeding time on an estate at S'Avall in Mallorca. EEC entry is expected to produce job losses on livestock farms and in the dairy industry

AGRICULTURAL SELF-SUFFICIENCY
(production as a percentage of consumption)

	Average 1973-76	Average 1979-82	Forecast for 1986 on current trends	Government target for 1986
Wheat	99	96	94	102
Barley	97	93	91	100
Maize	33	33	33	39
Sugar	85	92	98	100
Sunflower seed oil	84	93	116	100
Olive oil	n.a.	126	126	114
Wine	137	165	178	144
Beef	91	100	110	99
Pork	96	101	107	100
Poultry	100	99	98	100
Milk and dairy products	88	84	81	86

Source: Ministry of Agriculture, Fisheries and Food.

Agriculture

SCENES OF Spanish lorries queuing at the French border or being overturned by angry farmers on the autoroute have become too familiar for anyone to have any doubt about what is tha central problem, present and future, between Spain and the rest of Europe.

Spain's EEC hopes have come to be dominated by the agricultural question, and in particular the impact of Spanish produce on the vociferous wine, fruit and vegetable growers of Languedoc-Roussillon.

From the French point of view, the Spanish entry prospect looms as the biggest of all the problems facing European agriculture. Spain in this respect counts much more than Greece and Portugal put together. Its farm area is roughly the same as its northern neighbour's, it is a major producer of citrus fruit, wine and olive oil and has a considerable reserve of potential growth. An indication of this is that despite heavy losses from a prolonged drought in most of the country this year, preliminary government figures show an overall 2.5 per cent increase in farm output.

Spain is, however, a net importer of farm produce, and is particularly vulnerable in some key sectors if and when it joins the EEC. The Spanish have progressively come to realise that the damage will not be all on the other side.

The uneven prospects for Spanish farming are underlined in a recent report commissioned by the Institute of Economic Studies in Madrid. The report, the result of two years' research leaves no doubt that EEC entry will in general be beneficial, and adaptation easy despite problems of modernisation. Spain stands to gain considerably from EEC aids, especially those to mountain regions and special measures for Mediterranean produce.

But the outlook is sharply differentiated. Entry is seen as being good for olives, irrigated fruit, export-oriented horticulture and beef cattle, but as baving no appreciable consequences for wine, and as being bad for mixed farms, pig and dairy producers.

Geographically, the differences in impact are clearly marked: very positive for the Mediterranean coast, positive for the centre and south, positive or neutral for the areas immediately south of the Pyrenees, and negative for the whole rainy northern coastal region.

Job losses are predicted on livestock farms and in the dairy industry.

For the concentrated northern dairy sector, according to the report, the task of raising the quality of milk production to EEC levels is "impossible in the short term." Adaptation implies big investments, a complete change in feeding and the introduction of new breeds of cattle. Milk production could fall and a large share of the market could be taken by higher quality milk from France. This threatens to create a surplus of the local product, which the region lacks the industrial capacity to absorb.

Investment

The beef sector is also in need of large investment. Many slaughterhouses, the report says, are obsolete and cannot be used for exports to the EEC. Sanitary regulations also pose problems for sheepmeat and pigmeat. Spain has considerable capacity for exporting lamb to Europe but comes into conflict with the quotas for New Zealand. Prospects for pigmeat exports are meanwhile described as "very difficult," especially given the strong position of Dutch, Danish and German producers.

The only consolation offered to Spanish meat and dairy producers in the report is that of selling more to Portugal.

The worst of all this is that it is Spain's poorest rural areas —such as Galicia—that stand to fare the worst in Europe, and that the sharp differences that characterise agricultural Spain —contrasts not only between regions but also between vast estates and tiny smallholdings—may only be accentuated.

Politically, however, the farmers exercise much less influence than in France. Apart from the agricultural labourers of Andalucia, where Left-wing and anarchist movements have strong roots, the farm lobby is relatively weak.

Sharp improvements in urban living standards since the 1950s have boosted domestic consumption, particularly of meat. But livestock farmers face a structural problem of high production costs, being heavily dependent on imported feedstuffs. Maize, sorghum and oilseeds for feed make up about 40 per cent of Spain's agricultural imports.

The Government's strategy is to cut back the country's dependence on maize, of which it manages to produce only a third of its needs, and switch to greater use and production of barley.

A medium term plan brought out by the Agriculture Ministry late last month sets a target of raising barley output 36 per cent above the recent average by the end of the Government's term in 1986. As a result, it is hoped that home-grown barley will take over from maize as the main cereal feed.

The plan, which aims at evening out the shortages and surpluses of Spanish farm production, includes achieving virtual self-sufficiency in milk, although dairy products overall will continue to be in deficit.

By bringing domestic production more into line with the country's own needs, the Government also hopes to halve the cost of financing surplus stocks of sugar, alcohol, olive oil and beef.

Despite the promise of new export outlets for Spanish wine in the EEC, the Government is counting on reducing production by 10 per cent through restructuring measures and cutting the present surplus stock—300m litres of alcohol—by almost half.

As for olive oil, however, a sector which faces serious surplus problems and loss of market shares to other kinds of oil, the Government is intent on leaving the main restructuring burden on the EEC's shoulders.

"This chapter of the farm negotation," the Agriculture Ministry document says, "is the only one that can guarantee to the Spanish Government that the net balance of membership will be positive for Spain in the first years of integration in the EEC."

It makes no sense, it concludes, for Spain to take on the problem unilaterally, "getting into the absurd situation of eliminating a grave EEC problem through a Spanish effort, and making it easier for Italy to maintain its olive groves, which are less productive than Spain's."

The plan foresees only a small decrease in olive oil production, scheduled to be 400,000 tonnes in 1986, about 4.5 per cent lower than the average for 1979-82. It is hoped to absorb more of the production through increased domestic consumption and through higher exports.

After a slump in the foreign market for the Spanish product —caused by the 1981 tragedy involving fraudulent rapeseed oil—the first signs of an export recovery have emerged.

Battle against growing restrictions

Fishing

ONE OF the characteristic sporting events in the north of Spain is the *trainera* regatta. The *traineras* are big 14-man row-boats of lighr construction and shallow draught. They are not really racing boats hut fishing boats, and what is now a club sport used to be a contest to get the day's catch of sardine or hake into market first. Fishing is part and parcel of the Spanish identity, and Spanish fishermen are used to having to compete for their living.

For at least six years it has been said that the Spanish fishing fleet—the largest of any in Western Europe—is going through the worst moment in its history. From 1974 onwards, the extension of countries' jurisdiction to 200 miles off their coasts has drastically limited the Spanish fisherman's range of action. The shortage of fishing grounds is illustrated by the regularity with which Spanish vessels are impounded for fishing illegally in Portuguese, Moroccan or French waters.

With some 17,500 vessels, Spain's fishing fleet counts as the fourth largest in the world behind those of the Soviet Union, Japan and the U.S. a period of rapid expansion was broken in 1977 as a result both of the new situation regarding territorial waters and of the impact of higher fuel prices.

Handicaps

Added to Spain's handicaps has been the advancing age of its fleet. In 1975, 56 per cent of Spanish fishing vessels were less than 10 years old. Six years later, largely because of the cutting off of official credit for new boats, the proportion was down to 35 per cent.

At the same time, there has been a shift in the balance towards small craft. In contrast to the expansion of the Soviet and Japanese fleets, the total of large deep-sea vessels has decreased, with a number going to other countries. The drop has been offset by additions to the inshore fleet of small boats —with the result that the overfishing of Spain's own territorial waters has been further aggravated.

Spain's coastal conditions—a narrow platform in the north and unfavourable currents in the Mediterranean—have traditionally forced fishermen further afield. Their habitual fishing grounds have been the Canary-African bank, the north Atlantic and the waters off Portugal, France, Britain, the U.S. and Canada.

Restrictions imposed on fishing rights have coincided with an increase of fish imports into Spain, which is a large consumer. The exporters tend to be the same countries in whose waters the Spanish fleet has had to accept restrictions.

The result is clearly shown up in the trade figures. Since 1977 Spain has changed from being a fish exporter to a net importer. Last year its deficit in fisheries doubled to over Pta 30bn (roughly $200m at present rates). The exasperating prospect is that imports will continue to rise in direct proportion to the increasing limits on fishing rights.

The EEC has enforced progressive cutbacks while raising sales of frozen fish to Spain. The Spanish authorities have baulked at the Community's recent demand for a further cut in Spain's quota for hake—a fish of which Spaniards eat a great deal. The proposed 1984 quota of 7,000 tonnes would be less than half what it was in 1979.

Scaling down the fishing sector is very difficult for obvious social reasons, particularly since much of the fishing activity is concentrated in regions such as Galicia and Andalucia which are drastically short of opportunities for alternative employment. The sector has lost some jobs since the mid-1970s, but still accounts for some 100,000.

The Government is seeking, where it can, to conclude agreements for new fishing grounds, especially off Africa—Senegal, Angola, the Cape Verde Islands, Namibia and Mozambique.

Elsewhere it has proved increasingly difficult to obtain rights in foreign waters under profitable conditions.

This year brought strikes and protests in the Canaries, where the sardine fleet, already affected by Morocco's war in the former Spanish Sahara, faces a drastic cutback under the terms of a compromise pact between Madrid and Rabat. The agreement, concluded in August after long and acrimonious negotiations, entails a 40 per cent reduction in Spanish fishing rights and a steep increase in fees.

With Portugal, the fishing issue has got into the works of efforts to bring about a rapprochement between the two countries now that both are under socialist leadership. Portugal has been adamant about righting what it sees as a one-sided arrangement and preventing Spanish boats from fishing within six and 12 miles of its coast, which the Spanish maintain they have a right to do, under a 20-year treaty, until 1989. A bilateral summit in Lisbon in November failed to overcome the fisheries obstacle.

Incidents with both Moroccan and Portuguese coastguards have continued.

The Spanish hope is that some of the pressure on its fishermen will be lifted with EEC membership. But this chapter in the negotiations has still to be tackled. Fitting Spain in—with the biggest fishing sector the Community has had to cope with, and on the other hand with limited fish resources of its own—will not be an easy business.

D. W.

Socialists tackle Franco's sorry legacy

Research and development

FRANCO'S Spain did not distinguish itself by the vigour with which it pursued scientific truth. The Caudillo's own efforts included a treatise on freemasonry written under the pseudonym Jacking Boor (sic), and the filmscript for the Falangist epic Raza (Race).

In Raza, a retired admiral can be heard commiserating with the wife of a hero of the fatherland, following her son's entry into university, "where, according to his father, they are promoting the decadence of Spain."

The point is rammed home further on: "Unlike you Luis, I have not given up reading the stones to read books . . . what worth are a few more mathematics in life? Nothing. On the other hand, what great lessons the rocks hold for us."

That Franco himself set great store by such precepts is attested by his famous espousal of a project for producing petrol by mixing river bank flowers with water. He told his brother that "all the engineers and technicians I have consulted are against the project. But I place more confidence in my chauffeur, who tells me that we got up to 90 km an hour on our last trip, using only my petrol."

The brief flowering of Spanish science and letters that preceded the 1936-39 Civil War withered under this obscurantist onslaught, and Spain lost most of its finest minds to universities in Europe and North and South America. There proved to be no alchemical remedies for Spain's backwardness, and lack of indigenous resources, however, and when the country set out in the 50s and 60s on its long, forced march towards industrial Europe, it had to rely almost entirely on imported foreign technology.

Poorly funded

But little was done domestically to build on this initial development base. Until comparatively recently, attempts to harness poorly funded and disparate research efforts to the needs of industry had been token and desultory. The Socialists, who came to power just over a year ago on a platform of modernisation and change, have pledged to double state spending on R & D as part of a major effort to restructure Spanish industry ahead of EEC entry.

The state currently spends just over 0.3 per cent of GDP on R & D, or Pta 62bn ($405m). By 1986 this proportion is due to rise to at least 0.8 per cent.

Figures for what public-sector companies and the private sector spend on research are, to say the least, approximate.

The aggregate of what public-sector companies say they spend on R & D is around Pta 13bn, though their categorisation is so loose that the Government thinks that genuine research gets funds of no more than Pta 5bn. There is a similar problem of definition in the private sector, which claims to spend about Pta 35bn, but is thought to spend something between Pta 15bn and Pta 20bn.

In comparative terms, Industry Ministry figures show that whereas Spain in 1979 spent $23 per inhabitant on R & D, Italy was spending $55, France $149, the UK $156, West Germany $204, while Switzerland was spending $223 per inhabitant.

By sectors, the petrochemical/refining and motor industries get by far the largest shares of R and D spending, with light engineering, capital goods, electricity transmission, minerals and electronics making up an identifiable second division.

While Spain is still highly dependent on imported technology, it has managed to improve its "balance of technology transfers" significantly over the last 10 years. Spending on foreign technology and expertise has held steady at around 4 per cent of GDP but earnings from the export of Spanish technology and technical services has doubled to around 0.5 per cent of GDP.

With limited resources available for research, the major thrust of Government policy appears to be to increase the quality of spending, primarily by:

● better co-ordination between (and specialisation within) Ministries and Government departments, and between these and the autonomous regional administrations;

● lending funds long-term to the private sector for joint R and D ventures;

● using public investment and purchasing programmes, and more stringent vetting of foreign investment, to ensure maximum added value and technological gain;

● and reforming the country's archaic higher education system.

There are two main departments co-ordinating the country's research and development effort: the Advisory Commission for Scientific and Technical Research (CAICYT), which works out of the Education and Science Ministry, and the Centre for Industrial and Technological Development (CEDETI), which is a department of the Industry Ministry.

CAICYT dates from 1958 but has only recently established effective links with government, as the interministerial co-ordinator of all basic and applied research in Spain. It works on a daily basis with CEDETI, and with representatives from all the relevant ministries and departments, is designed to cut out the duplicating and fragmentation of effort that has plagued Spanish research in the past.

CEDETI's role is more interventionist. For example, it is its job to channel funds to selected joint R and D ventures with private companies. These funds are repayable only if and when the product that emerges reaches an agreed sales volume.

Steelmaking in Aviles, northern Spain. The Government is boosting the national R and D effort in new technological areas in a bid to reduce dependence on traditional industries.

While CAICYT sets overall priorities, CEDETI has the job of monitoring foreign technology purchases, of setting up a research information bank for industry, and of building a national R and D network in co-operation with the regional government. The latter has been a thorny issue, particularly with the governments of Spain's two historically most advanced regions, the Basque Country and Catalonia. Their home rule statutes entitle them to exclusive jurisdiction over R and D, yet the Government is in practice unwilling to honour this.

The Basques and Catalans last year spent Pta 633m and Pta 600m respectively from their own budgets on R and D, without funds transferred from the central Government. Had these funds been transferred, the Basques, for example, would have been entitled to Pta 3.9bn.

CEDETI argues that funds should be allocated on the basis of national value rather than regional origin, and that if either region were to produce 90 per cent of the chosen projects then they would get 90 per cent of all funds.

CAICYT has launched a series of R & D "mobilising programmes" in alternative energy, aquaculture, biotechnology, microelectronics (for which an ambitious Pta 160bn national plan has just been drawn up, aiming to turn last year's Pta 200bn trade deficit in electronics into a surplus by 1987), high energy physics and rail and subway transport.

Some projects are already well underway. UNESA, which groups the private utilities has launched a Pta 15.3bn R & D programme into alternative energy sources and is involved in joint ventures with INI, the state holding company—with which it set up Unisolar, producing domestic solar energy machinery—and the West German Research and Technology Ministry, with which it is studying the viability of a Pta 20bn, 20MW solar energy plant in Almeria in the south east. The plant would be the Central Receiver System type, adding to the trio of conventional solar plants already working in Almeria.

Profitable

In the public sector, profitable companies like Telefonica, the national telecommunications company, can be mobilised to greater technological effect, but it is less clear what can be done with chronic lossmakers like SEAT, the national car manufacturer.

Telefonica has announced a Pta 11.5bn R & D programme (by its own calculations it spends Pta 117 in research per telephone, a third of what is spent in the UK, a fifth against West Germany and an eighth against U.S. spending). The programme will include the setting up of Spain's largest research centre, at a further running cost of Pta 5bn a year.

BALANCE OF TECHNOLOGY PAYMENTS

	Outgoing payments Ptas (millions)	% GDP	Incoming payments Ptas (millions)	% GDP	Coverage of outcoming by incoming payments as %
1973	15,201	3.90	1,678	0.43	11.0
1974	18,151	3.79	2,081	0.42	11.5
1975	17,299	3.06	2,881	0.51	16.7
1976	31,276	4.57	4,063	0.59	13.0
1977	28,728	3.33	4,451	0.52	15.6
1978	30,465	2.85	5,559	0.52	18.2
1979	34,704	2.76	7,643	0.61	22.0
1980	44,392	3.07	10,873	0.75	24.5
1981	52,282	3.21	16,698	1.03	31.9
1982	78,984	4.23	15,707	0.84	19.9

Source: Industry Ministry

Crippling charges

SEAT, with losses of nearly Pta 65bn in the last three years and crippling financial charges, broke its connection with Fiat in 1980, and is now facing having to develop its own car lines, with only limited assistance from Volkswagen, with which it signed a co-operation deal last year.

Yet SEAT could afford only Pta 2.5bn for R & D last year, about 2 per cent of sales revenue. SEAT has requested Pta 55bn in new capital from the Government and expects to raise research spending to around 4 per cent of turnover.

On the external front, Spain's decision to take a more rigorous approach towards its foreign purchasing programme is expected to be particularly evident in arms deals. British Aerospace's Rapier missile, for example, looks well set to beat its French competitor, the Roland, in a planned Pta 35bn deal.

Leaving aside the current tensions between Madrid and Paris (see foreign policy article), this is largely because BAe is offering a joint consortium to build the missiles in Spain, with access to technology including the planned later development of the Rapier Laser Fire missile, and the possibility of Spain re-exporting to other countries.

A more stringent approach to incoming investment is problematical at a time when there is little new foreign industrial investment in prospect. Yet there are signs that Madrid has hardened its attitude towards some aspects of foreign investment. In the summer, for example, the Government sent back ITT's plans for restructuring its two Spanish subsidiaries (Standard Electrica and Marconi Espanola), with a request for less job-cutting and more investment. More than half of the jobs originally to have gone have been saved and investment is to be boosted by Pta 17bn (Pta 11bn on R & D) under the resubmitted plan.

Long-overdue plans to reform Spain's university system are also in the pipeline. With the exception of the four so-called polytechnic universities, set up in the early 70s, and some of the private higher education institutions, Spain's universities have been divorced from the needs of modern development.

The system inherited from Franco was compartmentalised, choc-a-bloc with the regime's placemen, and, for example, forbidden by law to enter into contractual arrangements with private companies.

The trend of the new institutions is to set up more responsive, multi-discipline institutions, and one great boon of the reforms will be the rationalisation of the *oposiciones* system—the gruelling obstacle course of public examinations, based almost entirely on the ability to memorise prescribed books, through which candidates for everything from doorman to dean of the faculty have to pass.

Spain's greatest scientist this century — Santiago Ramon y Cajal who won a Nobel Prize in 1906 for his work in establishing the nerve cell as the basic unit of the nervous system — did succeeding generations of scientists the great service of once failing *oposiciones* for a university teaching post.

The promising group of scientists around Cajal in the 20s and 30s was dispersed by the Civil War, and in a conscious effort to reforge the link with the Cajal traditions of inquiry (and incidentally, afford some of the prestige hitherto reserved for civil engineers, doctors and lawyers, to research scientists), the Government plans to open a museum dedicated to Cajal and his school.

David Gardner

Preparing to take on competition

Monoplies

PAST PERIODS of economic nationalism have bequeathed to the Spanish state three legacies which it cannot take with it into the Common Market, at least not in their present form. These are the state-controlled monopolies for oil, tobacco and cereals.

Like France, Italy and to a smaller extent West Germany at the outset of the EEC, Spain faces an obligation to bend its monopoly arrangements to fit the rules of free trade and the Treaty of Rome's article 37.

The monopolies, which are each of a distinct nature, cover two strategic sectors—oil and cereals—and the two important sources of government revenue—oil products and tobacco products. In the two latter fields companies under majority public sector control with private shareholders would have for the first time to face competition from multinationals, and according to what has already been agreed in the entry negotiations would have to adapt within six years of membership. During this period, imports would be progressively freed.

Problematic

The oil monopoly, which takes a complex form peculiar to Spain, is the most problematical. The company that runs it, Campsa, was set up in 1927 under the Primo de Rivera dictatorship to tap the profits that were being made until then by foreign oil giants. The monopoly covers the import, storage, distribution and sale of oil and derived products.

Campsa acts as administrator, as well as having its own refinery, exploration and petrol pump activities. However, it owns neither the primary distribution network, up to now belonging directly to the state, which puts it at Campsa's disposal, nor the retail network, run by a system of concessions.

In the EEC, the import monopoly would have to go, and discrimination as to access to imports and to the retail market be phased out.

This can in principle be done in several ways. As regards the primary distribution network—port facilities, pipelines and so on—the government weighed two basic options. The first would have been simply to maintain the legal monopoly but to guarantee access to the network by EEC competitors.

Under this, the only way the Government could have protected the Spanish refining sector and offset its handicap vis-a-vis its more powerful and sophisticated rivals would have been to resort to special aids.

The solution it has opted for instead is to transfer control of the current primary network to a mixed company, which would be under no obligation to make its facilities available to anyone other than its (Spanish) shareholders. By forcing foreign companies to set up their own facilities in order to enter the market, this is considered to offer a breathing-space to Spain's refineries.

The aim being to defend domestic oil interests, this still of course raises potential problems with Brussels.

A complicated reorganisation is already under way to give Spain's six refining companies, through Campsa, a stake in the primary network. The state energy holding company Instituto Nacional de Hidrocarburos (INH), which already controlled 53 per cent of Campsa, is as a first step taking over full ownership by means of a generous bid for all the private shares, valued at about $70m.

This is a transition move to enable the Government to cede to Campsa all its pipelines, tankers, tanker-lorries, storage and other facilities. Once this is completed, shareholdings in Campsa will be hived off. Through the two state-owned refining companies, EMP and Petroliber, and INH's own residual shareholding the Government will maintain an indirect majority of about 58 per cent.

The new system therefore maintains the public sector's key role in securing oil supplies. In the same way, the Government can be expected to keep a large degree of control over the retail network in order to provide nationwide coverage. The option is open to it of maintaining the legal framework of the monopoly and service-station concessions, provided that the concession holders obtain a free choice of suppliers. The future of the retail petrol business has still to be decided.

The tobacco monopoly is less of a headache, if only because it has close precedents in the French and Italian examples. The state-majority company, Tabacalera, was set up under Franco in 1945, taking over the role of the Compania Arrendataria de Tabacos, which dated from the 1880s. The monopoly applies to the growing of tobacco, purchases, imports, manufacture, wholesale distribution and retailing.

The company, which had a turnover last year of some $2bn, handles the manufacturing side itself, including some brands under licence, and administers the distribution network. Unlike the state cereal agency, the monopoly acts less as a means of subsidising tobacco production than as a channel for government revenue. Tobacco growing, mostly concentrated in the backward Extremadura region, has tended to stagnate, while most of Tabacalera's requirements are imported from Latin America and elsewhere.

Quota system

EEC entry implies ending several aspects of the monopoly. The farming side would have to be liberalised. A progressive quota system for cigarettes and cigars from other EEC countries would be in force through the transition period, and after that imports would be free. Duty and tax discrimination (the state taxes more on Virginia tobacco than it does on dark tobacco) would have to be dropped within four years of entry, and the marketing monopoly would have to make way for competition.

However, Tabacalera's management appears relatively tranquil about the prospect. For one thing, like its French and Italian counterparts, it will be entitled to maintain the monopoly it has always had on manufacturing in Spain (the Canaries being a case apart). For another, the state-run network of Estancos (tobacconists) will remain in place.

The percentage these tobacconists get on imported brands will have to be brought into line with the higher take they receive on Spanish cigarettes, and importers will be able to sell through other channels. However, Tabacalera holds down the market for some of the main international brands. It has manufacturing and commercial agreements with both Bat Industries and Reynolds, and a joint factory in the Canaries with Philip Morris.

Furthermore, on the basis of importers' experiences in France and Italy, it is thought that selling through other channels than the Estancos will prove more expensive and that the importers will be forced into an agreement with Tabacalera.

The cereals monopoly is yet another case. It is in fact a misnomer. Senpa (National Farm Products Service) intervenes in a wider range of products than cereals and is not a true monopoly, although it channels most of Spain's cereals production and acts as an agency for imports under government authorisation.

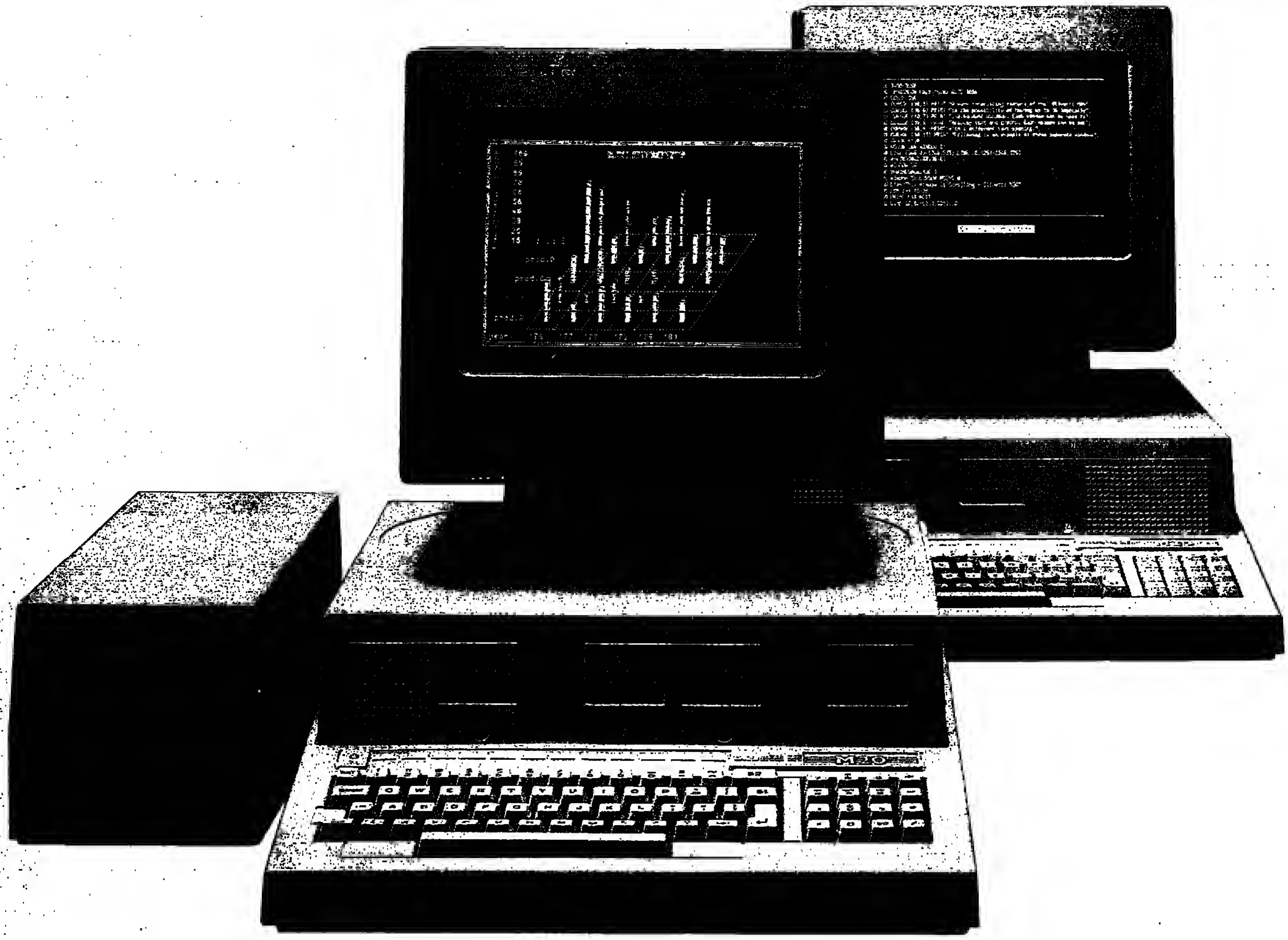
In its original form, the national wheat service (SNT), it was set up by the Nationalists under Franco during the civil war in 1937. The idea was to buy up all the production of soft wheat in order to guarantee bread supplies.

The high subsidised prices offered by the agency were responsible for a spectacular expansion in wheat output. Its action was later extended to other cereals, especially barley, to help meet the shortage of home-grown animal feed. Although multinational food companies have set up a storage network for hard wheat, most of the storage capacity still comes under Senpa. Farmers can sell outside, but most years are usually content to sell to the state agency.

Although the Government intends to maintain Senpa as a buying agency, the cereals trade is to be progressively liberalised, with co-operatives playing a larger role.

The change is not just dictated by the EEC. The agriculture authorities argue that the policy of high guaranteed prices, by *favouring* the extensive wheat farm above all else, has created a severe distortion in the whole farming sector. In a country where regular droughts foster speculation, an instrument like Senpa will continue to have an important function. But the system needs modernising anyway, they say.

David White



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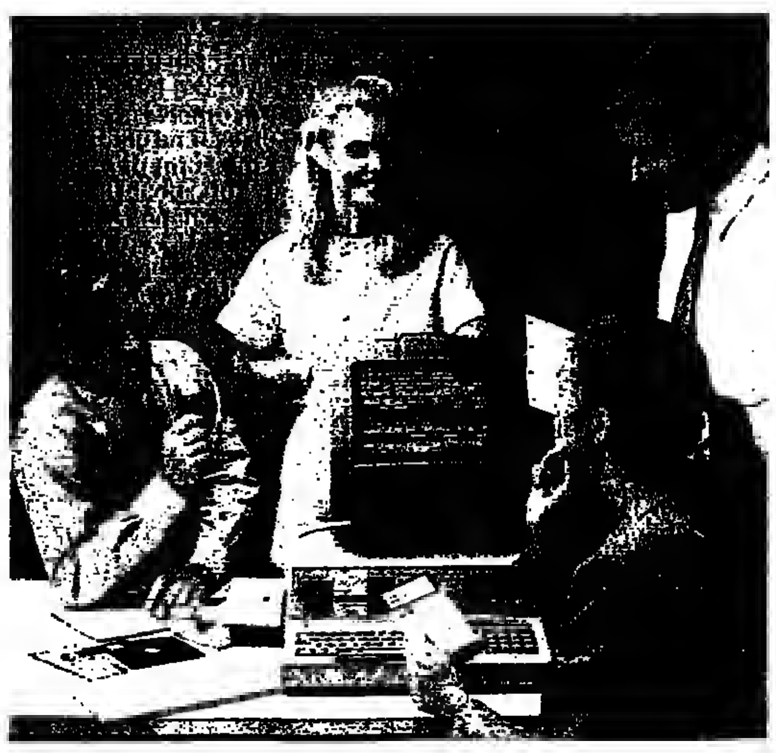

Olivetti, who invested its office know-how in the M20 personal computer now introduces you to another member of the family: the M20HQ model with a memory thirty times larger than the basic version. And when there's a need for even greater power and coordination in office jobs, the Olivetti M20HQ can manage a group of M20s working in conjunction with one another, integrated into a local area network. So from today there is a family of Olivetti personal computers with different storage capacities and a wide choice of operating systems (MS-DOS, CP/M-86, PCOS, UCSD-p) to satisfy different needs. And with their 16-bit technology and communication capabilities they will keep abreast of change. In fact they are designed for integration into remote text/data processing and office automation as it is today and as it will be in the future. Olivetti protects your investment in equipment and software. The M20 personal computer family makes your problem solving less problematic leaving you far more time for the creative side of your job. Olivetti's personal computers embody all of the company's leadership in ergonomics and design which have become a consolidated part of its success in the office throughout the world.

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For more information, contact Valerie Belfer (M20/FT1) British Olivetti Limited, Olivetti House, Upper Richmond Road, London SW15 2UR. Telephone 01-785 6666.
MS-DOS is a trademark of Microsoft Inc. CP/M-86 is a trademark of Digital Research. UCSD-p system is a trademark of the Regent of the University of California.

Scapa Group

(Engineered fabrics for the paper making industry, felts and other specialised industrial textiles)

Half year to 30 September

	1983	1982
	£000	£000
Sales by companies based in:		
United Kingdom	17,425	17,745
North America	31,777	26,187
Other Countries	7,238	5,708
	56,440	49,640
Operating profit:		
United Kingdom	1,268	1,211
North America	6,858	5,654
Other Countries	826	795
	8,952	7,660
Interest paid less received	1,252	988
Profit before taxation	7,700	6,672
Taxation	3,923	3,270
Profit after taxation	3,777	3,402
Interim Dividend (Payable 20 January 1984)	3.15p	3.0p
Earnings per share	11.8p	10.4p

The unaudited profits before tax for the six months to 30 September, 1983 show a substantial increase over those for the corresponding period, helped by the movement in the dollar exchange rate. It is gratifying that all three areas recorded increased profits at the pre-tax level.

Scapa Group plc, Oakfield House, 52 Preston New Road, Blackburn BB2 6AH

UK NEWS

Fed governor says LDCs should seek funds in 'new ways'

BY OUR FINANCIAL STAFF

THE less developed countries (LDCs) will never get out of debt, any more than the U.S. Government will, and this should be accepted, Mr Henry Wallich, a governor of the Federal Reserve, said yesterday.

But unlike the U.S. Treasury, they will face financing limits because of the huge debts they already have, and the unwillingness of the banks to extend them more money, he told the Financial Times conference on world banking.

The LDCs will have to seek new ways of obtaining funds, including co-financings with the World Bank, laying off loans with the investment institutions, and even taking out loan insurance. Mr Wallich also urged the LDCs to seek more equity investment in their countries, particularly from international companies "because they are not devils."

Mr Wallich said that while the Fed was concerned about the high level of interest paid by LDCs, he dismissed suggestions that it could help out by bringing down U.S. interest rates. Any move to pump up the U.S. money supply, he warned, would just fuel inflationary expectations and result in even higher interest rates.

Prof Luigi Coccioli, chairman of the Banco di Napoli, urged other bankers to keep on lending to the LDCs, but at interest rates "that reflect the risks of the countries that are borrowing." He said banks

FINANCIAL TIMES
World Banking in 1984
CONFERENCE

"should stay active. They have the resources and ability to deal with the crisis."

Prof Coccioli said a major aim should be to help the LDCs use their resources more efficiently.

Mr Morris Shapiro, president of M. A. Shapiro and Co, the Wall Street bank securities firm, attacked the U.S. ban on inter-state banking as "horse-and-buggy law in the jet age," and urged further deregulation of the banking system.

Dr Carlos Langoni, the former president of the Brazilian central bank, warned that the current IMF rescue programmes for the LDCs were "unsustainable" because they required excessive sacrifices and condemned whole regions of the world to austerity. He warned there would be political repercussions.

Instead, he urged a concerted effort by the lending and borrowing countries and the banks to resolve the "fundamental problems" that had still not been tackled. He also said the banks should endure more of the cost of resolving the crisis.

UK North Sea oil drilling at peak level

By Ian Hargreaves

DRILLING ACTIVITY in the UK sector of the North Sea has reached a record level in the last few months and is now about 28 per cent higher than at the peak last year.

This increase in drilling has not yet, however, resulted in a higher level of development or construction expenditure, according to the latest quarterly offshore indices from Gaffney, Cline, the energy consultant.

The development index, which is a measure of the volume of oil and gas reserves under development, peaked in 1976-77 and has fallen about 50 per cent since then.

Construction expenditure has also tailed off this year, having been flat in 1981-82. Both construction expenditure and development figures would be expected to reflect the higher level of drilling after a lag of four to five years.

This year has also seen a continuation of the remarkable success ratio of North Sea exploration, with roughly one in four wells rated a success by the definitions used by Gaffney, Cline.

The surge in drilling activity is partly a response to the fiscal changes affecting North Sea oil activities in the last budget.

Ford Cabriolet launched in UK

By John Griffiths

FORD's first European-made convertible for over 20 years goes on sale in the UK tomorrow.

The Escort Cabriolet, made in West Germany, will have list prices ranging from £7,067, including taxes, for the basic 1.3 litre model, to £8,250 for a 1.6 litre fuel-injected version.

Ford, the UK market leader, is the fourth manufacturer to launch such a model – it has been preceded by Volkswagen, Talbot and Fiat. Ford expects to sell 2,000 Cabriolets in the UK next year.

Olympic Holidays enters price war

By David Churchill

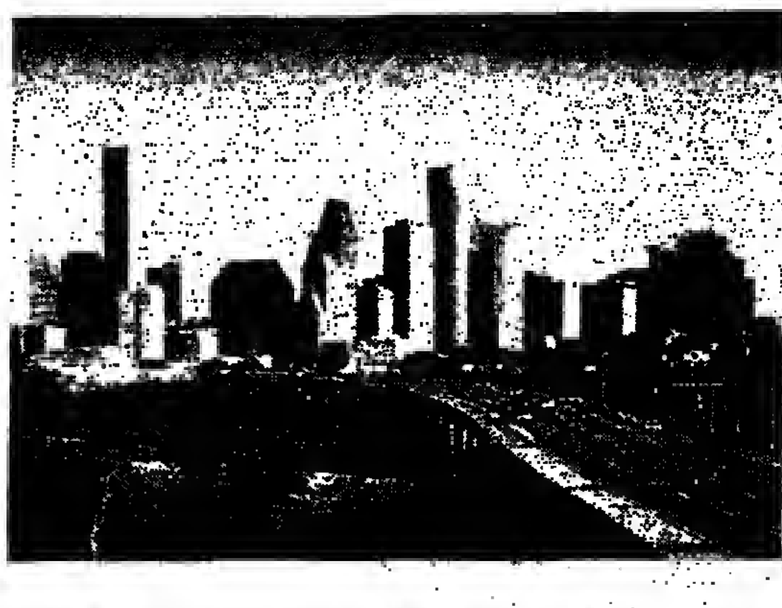
OLYMPIC Holidays yesterday intensified a package-holiday price war by announcing 12 per cent price cuts on some 80,000 holidays to Greece and the Greek islands next year.

Last week the largest tour operator, Thomson Holidays, launched a 10 per cent price cut on some 750,000 holidays. This was followed by Intasun with an average 8 per cent reduction on 500,000 holidays.

Horizon is expected to announce price cuts next year.

The Texas Connection

The Houston Chronicle puts Texas business and financial leaders within easy reach.



It's a fact. According to the independent research of Scarborough, the daily Houston Chronicle reaches 64% of metro Houston's newspaper reading adults who are professionals, technicians, managers and administrators, and 68% who have household incomes of $50,000 or more.

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Source: Scarborough's 1983 National Newspaper Audience Ratings Study, Houston SMSA.

NEW ISSUES December 7, 1983

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Price 100%

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This offering is made by the Federal National Mortgage Association through its Senior Vice President-Finance and Treasurer with the assistance of a nationwide Selling Group of recognized dealers in securities.

Debentures will be available in *Book-Entry* form only.
There will be no definitive securities offered.

John J. Meehan, *Senior Vice President-Finance and Treasurer*
Allen C. Sell, *Vice President-Fiscal Office*

100 Wall Street, New York, N.Y. 10005

This announcement appears as a matter of record only.

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RECORD SALES, PROFITS AND DIVIDEND

The following are extracts from the circulated statements of the Chairman, Mr E. G. Thorpe.

It is pleasing for me to be able to report a record profit with sales increasing from £5,017,695 to £6,063,240 and total profit increasing from £650,651 to £821,803. It is recommended that a final dividend of 1.85 pence per share be paid which with the interim makes a total of 3 pence, this being an increase of 11% for the year.

At home, our sales showed a marked improvement. This was not so much due to an increase in our traditional industrial markets but to an intentional and successful expansion into the currently more lucrative area of commercial lighting. We have the capacity to meet any reasonable increase in demand which may arise from an upturn in industrial activity.

Our sales abroad increased by 28% and we are encouraged in that the orders came from a greater number of customers: an indication that our efforts to establish more agencies abroad are providing us with a more consistent pattern of business.

Capital expenditure this year has been relatively low but during the coming year orders will be placed for equipment which will improve in the short and long term both our productivity and technical capability. Your Directors are aware of the benefits available to those who re-equip at this time and full advantage is being taken of them.

The Port to come home to

Fonseca Bin 27 is a Vintage Character Port blended from the finest wines of the Upper Douro. Since 1822 people who know about Port have been asking for Fonseca. List of stockists from: Mentzendorff & Co. Ltd., 31 Great Peter Street, London, SW1P 3LS. 01-222 2522.

COMPANY NOTICES

Global Natural Resources Ltd

A Scheme of Arrangement dated 17th May 1983 providing, among other things, for the exchange of bearer shares of Global Natural Resources Limited, formerly Global Natural Resources PLC, a company organised under the laws of England (Global-UK), for registered shares of Global Natural Resources Inc., a company organised under the laws of the State of New Jersey, USA (Global-US), became effective in July 1983. Pursuant to the Scheme of Arrangement, the issued and outstanding shares of Global-UK have been cancelled. They entitle the holders only to obtain registered shares of Global-US in exchange for their bearer shares of Global-UK and have otherwise ceased to have effect.

Holders of shares of Global-UK will not be entitled to receive dividends or notice of meetings or be able to vote or otherwise participate in the affairs of Global-US unless and until their bearer shares of Global-UK and the Form of Application to receive registered shares of Global-US, legibly completed, are received by the Exchange Agent named below and the shares of Global-US are registered in the name of such holders. Accordingly holders of bearer shares of Global-UK are strongly urged to write to one of the addresses given below to obtain Forms of Application.

Forms of Application may be obtained from the following:

Exchange Agent:
Registrar and Transfer Company
Attn: Exchange Department
10 Commerce Drive
Cranford, New Jersey 07016
USA

or from:
Global Natural Resources Inc.
5300 Memorial Drive, Suite 900
Houston, Texas 77007
USA

or from:
Hambros Bank Ltd
Attn: Stock Counter
41 Bishopsgate
London, England EC2P 2AA

CHECKERS STORES LIMITED

NOTICE TO SHAREHOLDERS
DIVIDEND ON COMPULSORILY CONVERTIBLE CUMULATIVE VARIABLE RATE PREFERENCE SHARES ("CONPREF SHARES")
DIVIDEND No. 2

NOTICE IS HEREBY GIVEN that a dividend in respect of the Conpref shares for the six months ending 31 December 1983, which dividend shall be at a rate to be determined at 31 December 1983 in accordance with the terms attaching to such shares has been declared by the Board of Directors payable on 31 December 1983 to Conpref shareholders registered in the books of the Company at the close of business on Friday, 23 December 1983.

The Dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on 30 December 1983.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom income tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from Dividends payable.

For the purpose of paying the above dividend, the Conpref share register will be closed from 24 to 30 December 1983, both days inclusive.

Dividend cheques in payment will be posted on or about 31 December 1983.

By Order of the Board
B. C. CRAGG, Secretary

Registered Office:
220 Commissioner Street,
Johannesburg, 2001.
South African Transfer Secretaries:
Central Registrars Ltd.,
154 Market Street,
Johannesburg.
(P.O. Box 4844,
Johannesburg 2000).
London Transfer Secretaries:
Granby Registration Services,
Bourne House,
34 Beckenham Road,
Beckenham, Kent, BR3 4TU.
United Kingdom.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs") in FUJITSU LIMITED

NOTICE IS HEREBY GIVEN that Fujitsu Limited paid a dividend of Yen 3.75 gross per share on 30th November 1983 to shareholders as of record date 30th September 1983. This Dividend has been converted to U.S. Dollars and amounts to U.S.$16.00 gross per EDR.

Accordingly, Kleinwort, Benson Limited as Depositary informs holders of EDRs that they should claim their Dividends by presenting Coupon No. 8 on or after 12th December 1983 at the office of the Depositary, KLEINWORT, BENSON LIMITED, 20 Fenchurch Street, London EC3P 3DB; MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Avenue des Arts 35, 1040 Brussels; or BANQUE INTERNATIONALE A LUXEMBOURG S.A., 2 Boulevard Royal, Luxembourg.

Coupons must be left for 3 clear business days for examination and may be presented on any week day (Saturdays and public holidays excepted) during normal business hours.

Japanese withholding tax at the rate of 20 per cent. will be deducted from the gross value of all Dividends paid unless the EDR holder lodges, in a form acceptable to the Depositary, an affidavit of residence in a country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax in which case such lower rate will be applied.

The difference between the amount of withholding tax deducted and the standard rate of income tax payable in the United Kingdom will also be deducted from all dividends paid in the United Kingdom unless holders of EDRs furnish the Depositary with the usual affidavits of non-residence in the United Kingdom.

KLEINWORT, BENSON LIMITED
London
Depositary

London.
9th December 1983.

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Guaranteed on a subordinated basis by

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For the three months 12th December 1983 to 12th March 1984 the Notes will bear an interest rate of 10⅛% per annum and the coupon amount per US$100,000 will be US$2,822.57.

C. ITOH & CO. LIMITED

Announce the following:

It has been Determined at a board meeting held on 24th November 1983, that the interim Dividend for the year ending 31st March 1984 shall be paid to shareholders on record as of 30th September 1983, at the rate of 1.50 Yen per share, on and after 15th December 1983.

The semi-annual report for the six months ended 30th September 1983, will be available at Hambros Bank Limited and Banque Internationale A Luxembourg by the end of December 1983.

HAMBROS BANK LIMITED
9th December 1983.

LEGAL NOTICES

IN THE MATTER OF WEST BROOKS (LEICESTER) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of January, 1984, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 30th day of November, 1983.

BRIAN MILLS,
Joint Liquidator.

IN THE MATTER OF THE COMPANIES ACT, 1948 TO 1981 AND IN THE MATTER OF MIDDLEPEARL PROPERTIES LIMITED AND PYRFORD PROPERTIES LIMITED (in Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Companies are required on or before the 12th day of January 1984 to send in their names and addresses with particulars of their debts or claims to the undersigned, Richard Eaglesfield Floyd, of 218 Strand, London, WC2, the Liquidator of the companies; and, if so required by notice in writing by the said Liquidator either personally or by their solicitors to come in and prove those debts or claims, at such a time and place as shall be specified in such notice, or in default thereof, they will be excluded from the benefit of any distribution made before such debts are proven.

Dated this 5th day of December 1983.

R. E. FLOYD,
Liquidator.

ART GALLERIES

RICHARD GREEN, 36, Dover St., W1. 01-491 3277. CHRISTMAS EXHIBITION OF VICTORIAN PAINTINGS UNDER £6,000. Until 22 Dec. Mon.-Fri. 10-6; Sats. 10-12.30.

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RICHARD GREEN, 4, New Bond St., W1. 01-499 5487. EXHIBITION OF 19th & 20th CENTURY FRENCH PAINTINGS. Daily 10-6; Sats. 10-12.

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UK NEWS

Benn claims military reason is behind Sizewell B reactor

BY A SPECIAL CORRESPONDENT

FORMER Energy Secretary Mr Tony Benn claimed yesterday that there was a military reason for the Central Electricity Generating Board's support for the pressurised water reactor (PWR).

In evidence to the Sizewell B enquiry, on behalf of the National Union of Mineworkers (NUM), he said that the economic and energy arguments put forward by the board were "a cover."

Mr Benn, a left-wing former Labour MP who lost his parliamentary seat at the last election, claimed that every nuclear power station in Britain was a "bomb factory" for the U.S.

His evidence was later condemned by a CEGB board member, Mr John Baker, as pure theatre full of innuendo and lacking any factual basis.

Mr Benn said that for a number of years some of the plutonium produced in British power stations had been made available to the U.S. for weapons purposes.

Since the U.S. had a weapons programme that required more plutonium than it could produce there was a need to obtain supplies from Britain. The PWR produced more plutonium than other nuclear reactors.

Lord Silsoe, leading counsel for the CEGB, pointed out that ministerial statements had denied that any civil plutonium had been used for military purposes in the UK or elsewhere.

Mr Benn said he did not think people could rely on governments telling the truth where central security and defence matters were concerned.

He claimed there was an unhealthy relationship between the U.S., Westinghouse Corporation and "some people in the general area of nuclear power" in the UK.

Mr Benn said that as the minister responsible he had not been informed of serious incidents involving nuclear power. On one occasion, civil servants in his own department had refused to draft a report in accordance with his wishes and there had also been an incident where a senior official had prevented a letter reaching the UK Atomic Energy Authority ordering it – following the Three Mile Island accident – to suspend work on the British PWR.

The CEGB later called a press conference where Mr Baker, the board member responsible for the Sizewell B case, denied that either he or the board were under any pressure to support the PWR for military reasons.

BSC gives cause for relief

Peter Bruce reports on how British Steel has cut its losses

GOVERNMENT ministers who nearly a year ago insisted that the British Steel Corporation (BSC) should continue steelmaking at all its five integrated steel plants can breathe a small sigh of relief.

Closure of, say, the Ravenscraig works in Scotland would not have been well accepted in the run-up to the general election last June and, to an extent, the entire Cabinet might have cause for cheer at BSC's interim figures announced this week.

The state-owned corporation has turned in its best half-year figures since the Conservative Government came to power in 1979, with overall losses down to £98m from £486m during the first half of last year. Redundancy and other rationalisation costs account for most of the improvement, falling from £330m to £25m. It seems highly likely that BSC will be able to end the year without needing to have its £325m external financing limit topped up.

It seems clear that for the time being at least, BSC feels able to call a halt to its long run of job cuts, which during the last financial year saw total employment fall from 103,000 to about 80,000. There have been more losses this year – some 5,000 – but the total workforce of just under 75,000 largely complies with the target set by Mr Ian MacGregor, the former chairman.

Interest payments have also fallen dramatically, with short-term loans costing the steelmaker just £8m, 66 per cent down, and long-term interest payments down from £33m to £24m.

There the good news ends and there are very obvious reasons why any back-slapping in the Cabinet should be limited. First, BSC's performance has demonstrated the force of the argument for one major closure (there seems little doubt the corporation would have at least traded at a profit had Mr MacGregor been allowed to follow his instincts and close an integrated plant). Second, the small question of how finally to bring the EEC steel regime to life is not being addressed in any meaningful way by the Government, probably because there is little it can do.

Yet the reconstruction of the Community's steel industry is vital to BSC and any other steel producer in the EEC, and the responsibility lies squarely with governments, not producers. The failure last week of industry ministers to agree to the Commission's new minimum price limits may be redressed when they meet again on December 14 But without a demonstration of the necessary political will, European steel prices could run out of control next year.

BSC's position amply demonstrates this. There is a strong body of opinion now arguing that if BSC was able to sell its steel at or near its published list prices, it would be trading at breakeven – a target constantly set and missed. Indeed, at current output of about 280,000 tonnes a week the corporation is 20,000 tonnes ahead of what it should need to produce to break even.

The corporation's interim trading loss, £39m, admittedly well down from the £97m of the first half of last year, is believed to be almost wholly due to the levels of discounting that have once again begun to plague the industry after a period of stability early in the year.

BSC is losing £16 on every tonne of steel it produces, despite the fact that demand has lifted production from 5.9m tonnes to 6.6m tonnes. While analysts believe that there is little chance of demand falling to the extremely poor levels of late last year, the industry is thought to be facing a prolonged flattening in demand. If this does persist, the breakeven winning post will have to be moved once again.

In the absence of a strictly regulated EEC steel regime, the Government must soon begin to deal with two problems. First, it will have to decide on what position to adopt by the end of 1985 when all public subsidy to the EEC steel industry is due to be phased out.

Second, the Government must be concerned at the failure of its once confident plans to return BSC to the private sector. Successes so far have been few. In fact, not a single BSC works involved with the production, finishing or fabrication of steel has been fully privatised.

Drive to raise £138m for WonderWorld

BY CHARLES BATCHELOR

THE BACKERS of WonderWorld, a leisure park planned for the outskirts of Corby, Northants, have begun an ambitious fund-raising campaign to finance the £138m first phase of the project.

J. Henry Schroder Wagg, the merchant bank, has held exploratory talks in recent weeks with a number of institutions in an attempt to raise as much of the funding as possible by the time construction work starts in spring 1984.

Schroder has just completed a feasibility study of the project – the first time a detailed appraisal has been made of WonderWorld since the idea was first launched in 1980.

Based on the theme park idea developed by Disney World in Florida, WonderWorld will consist of an enclosed glass and steel structure housing shows, exhibitions, rides and games. One theme planned is "The Lost Village of Rhyme," which will be dedicated to British folklore and fairytale, and will be inhabited by nursery rhyme characters. Other themes to be represented in phase one include: health and medicine, computers, the land, safety, the sea and communications.

The main theme park area will take up about 100 acres of a 1,000-acre site which will include a golf and tennis centre managed by Jack Nicklaus Management, a sports complex, a hotel and housing.

The originators of the project are two former advertising executives, Iain Quicke and Gerry Baptist. They own nearly two-thirds of Group Five Holding, the company set up to organise WonderWorld.

British Electric Traction (BET), the electronics, leisure and transport conglomerate will take a 33.3 per cent holding today in Group Five in return for a further £1.3m worth of funding.

BET is one of the original backers of the project through a £1.75m loan, but previously no formal share structure existed. Schroder holds just over 1 per cent.

In addition, BET holds directly a 15.5 per cent stake in a Group Five subsidiary, Group Five Properties, the developers of WonderWorld.

BET is the sole industrial group to have backed the project, which it sees as providing potential openings for its leisure, flight simulation, video, television and publishing activities.

BET expects its percentage stake in the venture to fall, however, as new investors are brought in.

Mr Richard Morgan, a director of Schroder, said: "We have started what will probably be a lengthy commission to raise a great deal of money. We have already had discussions with some institutions to discover how they want it packaged. "It is much too early to say whether we want to do it in one go or in a series of fund raisings."

UK Government and EEC grants and loans will reduce the sum to be raised commercially to below £100m, and no decision has yet been taken on how much of this will be in the form of equity or loans. Schroder aims to approach a wide range of UK and foreign investors for the money.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday December 9 1983

All out of step but Uncle Sam

MRS THATCHER'S tart remarks about American fiscal policy at Question Time yesterday might bave been a little mellower bad she been able to hear Mr Donald Regan, the U.S. Treasury Secretary, tell a London Press conference at almost the same moment that the American deficit is certaioly unsustainable, and must indeed be reduced.

It waa good to hear him say this so uoambiguously, even if he did add that it would not be realistic to expect much progress in the coming election year. It was not so good to hear him comment on the ever giddier rise of the dollar. No problem, he said; the trouble was aimply that all the other currenciea are too weak.

Bankruptcy

It seems, then, that a decade's experience of growing Interdependence and its problems have made no difference at all to what used to be called the problem of the elephant in the rowing boat. U.S. policy-makers work with an acute eye on their domestic, economic and political problems, but remain strangely insensitive to the effect of their policies abroad. The deficit has been financed without a Wall Street crisis, so it was mistaken to worry about it; the present level of interest rates has not impeded the U.S. recovery, so there is no need to worry about them either.

The fact that bigh rates combined with a strong dollar has pushed a whole group of countries, notably America's own neighbours, into virtual bankruptcy Xmply does not fit into this picture; nor, of course, does the secondary effect—the fact that falling Third World demand for imports is holding back recovery in Europe and Japan. Mr Regan seemed good-humouredly resigned to the fact that he will hear a good deal on this subject in Brussels today, since the substantive U.S./European issues are either chaotic—like farming—or in abeyance; he will clearly stonewall.

The fact is, as Mr Martin Feldstein, the embattled chairman of the President's Council of Economic Advisers, keeps pointing out, that the U.S. fiscal deficit is at the heart of all these problems. Quite apart from any effect on interest rates, the deficit constitutes a major demsnd on world savings, reflected in the rapidly growing U.S. current account deficit.

Over-valuation

Professor Feldstein bas said that it is "inappropriate" that the world's strongest economy should be a major importer of capital. Since one of the results is that much weaker countries are asked to cut their deficits and deprive themselves of the capital needed for development, other commentators might be tempted to use stronger language.

The argument that the fiscal deficit also contributes to the over-valuation of the dollar is more controversial, though this analysis is now accepted by most central bankers, including Governor Henry Wallich of the Federal Reserve, wbo made a tbougbtful speech on the debt nroblem in London yesterday. The fact that bigh deficits mean high interest rates aa long as money growth is constrained ls accepted by everyone except some econometricians.

In these circumstances Mrs Thatcher's strictures are fully justified. The deficit still bas its defenders, even outside the U.S.: the Prime Minister was answering a questioner from her own party who viewed the U.S. deficit as an example to be followed rather than an international headache. But in an anti-inflationary world with monetary constraints, the U.S. is simply hogging the available finance for its own domestic recovery; competition to borrow would push interest rates still higher.

It is also argued that the U.S. deficit on current account is relieving the world dollar shortage; but the flow is not enough to satisfy the thirst for dollar assets, which is why the dollar is so strong. Mr Regan argues that the U.S. fiscal deficit is not high by international standards; but U.S. savings are low by international standards, and it is too high. It is to be hoped that some of these arguments can be made to stick in Brussels today.

The case for Crown Agents

IF THE Crown Agents did not exist, then nowadays no one would bother to create it. But since it does exist, it would be altogether another matter to abolisb it. As it faces the prospect of extinction in the week ahead—not for the first time over the past decade—it is worth pointing out that the Britisb taxpayer would gain little if anything if it were abolished, while a large number of governments in the developing world, along with a host of small companies in the UK, would be disadvantaged.

Set up in the 1830s to supply to subject governmeots in distant corners of the Empire with everything from school books and crockery to railway carriages, the Crown Agents has for the past 30 years sought alternatives to its traditional procurement work.

In the search for new roles it courted disaster. Involvement in the late 1960s in property speculation and secondary banking almost brought catastrophe to the Crown Agents after the property market collapse in 1974. It lost £212m, and forced a goveroment rescue that cost the taxpayer £175m.

In the mid-1970s, it concentrated on investment portfolio management for governments and goverment-controlled organisations in the third world. By the end of the decade, these financial services had become an important cushion of profit for its traditional services, which invariably lost money. In July this year, the loss of a lucrative contract to manage the Sultan of Brunei's £3.5bn investment portfolio punctured this cushion, and provoked the current crisis over the Crown Agents' future.

Independence

It is an irony that the Brunel Contract has nothing to do with the efficiency of the Crown Agents' financial management. In fact, by all counts, it had a better record than the other organisations managing the Sultan's £14bn funds. The break was almost certainly because of political factors linked with Brunei's imminent independence from Britain. It has nevebtheless damaged the Crown Agents' profit and loss account, made a nonsense of recovery targets set by the government in March last year, and forced it to turn once again to the government for its debts to be rescheduled.

With a Government keen to privatise where it can, and reluctant to bail out an organisation which bas repeatedly fallen into loss, the case for saving the Crown Agents bas been a difficult one to press. It is hard to maintain that financial services, the provision of technical advice on development projects, and the supply of stamps or currency—alt profitable areas of the Crown Agents' operation—cannot be provided by private sector organisations.

Unhappily for the Crown Agents, the strongest arguments for retention involve areas of operation wbich are almost inevitably loss-making. Most of the 200-odd developing countries wbose institutions use the Crown Agents for their procurement do not bave the resources to maintain staff in London or other major commercial centres to make their own judgments about suppliers. Because the orders they place tend to be small, and the overbead costs of handling sucb orders are high, it is unlikely that any private-sector organisation would step into the Crown Agents' shoes.

Impartiality

In the UK, it is notable that of the £144m of orders handled by the Crown Agents in 1982, £39m of them went to 2,400 companies not listed by the Financial Times as quoted companies nor owned by quoted companies. Such small companies tend not to have the resources to tendar for overseas contracts, and the disappearance of the Crown Agents would mean the loss of their only export orders. It was no accident that the momentum behind Sir Terence Beckett's letter giving CBI backing to the Crown Agents came from the CBI's Midlands region, where so many of these small companies are based.

Ratber than abolish the organisation that seeks both to finance and provide an appreciated service to British trade it would be more pragmatic to allow it to contioue in business, seeking out functions (including reserve management) wbere its quasi-official status and image of impartiality give it a particular entree to government business across the world. A repeat of the errors of the past can be avoided if the government insists upon maximum transparency in the way the Crown Agents runs itself.

THE GULF CONFLICT

Iraq: the real and unreal war

By Roger Matthews, Middle East Editor

SITTING in the plush comfort of the Iraqi officers' mess at Mandali last week, a few miles back from the front line of the Gulf war, it was not easy to visualise the appalling carnage caused by the longest, most costly, conflict in modern Middle East history—or the threat it poses to world oil supplies.

The only hint of fighting was smoke pillaring upwards from an Iranian marker shell ranging itself on the Iraqi-held ridge above the town. Although Iranian troops were supposed to be massing only eight miles away, there was an air of almost total unconcern among the Iraqi officers lounging on overstuffed settees among smoked-glass and stainless steel coffee tables, fitted carpets, soft pink lighting and the persistent throb of disco music.

Yet official propaganda from Iraq and Iran during the past three months has served up an apocalyptic view of the Gulf War. An increasingly desperate Iraq, all its peace offers spurned, has threatened that it might finally go for the Iranian jugular by bombing its oil terminals and using French-supplied Super-Etendard aircraft and Exocet missiles to sink any tankers which approached its coast.

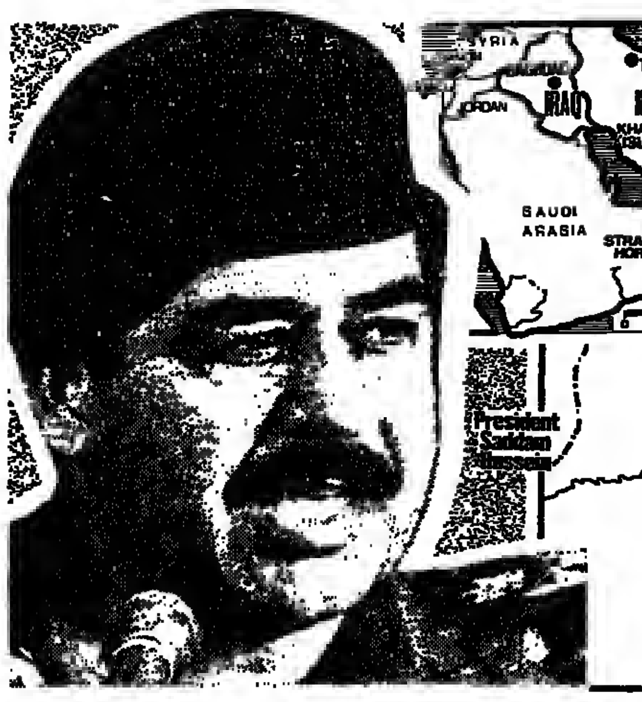
Iran, in response, has declared that it would shut the Strait of Hormuz to shipping, thereby depriving the world of the nearly 20 per cent of oil supplies which pass through it.

After that the scenarios run riot. They envisage a U.S. task force attacking Iranian military targets in order to reopen the Strait, Iran lashing out against Saudi Arabian or Kuwaiti oil installations, and the world's major oil producing region sucked into long-term conflict.

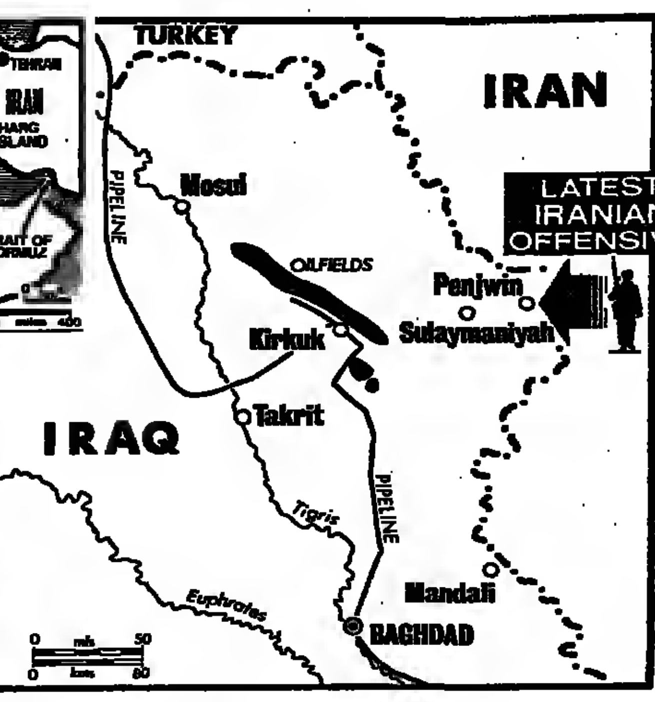
On the ground in Baghdad, that all seems a long way off. President Saddam Hussein and his military commanders unquestionably have the theoretical capacity to deal Iran a crippling economic blow. Kharg Island, the main Iranian oil terminal, is within comfortable range of the Iraqi airforce which enjoys almost total air superiority.

Iraq has more than enough modern aircraft to launch a near-saturation attack on Kharg and successfully to penetrate Iran's ageing and probably ill-maintained air defences. But this has been true for 18 months or more and the five Super-Etendards and their Exocets (designed to operate over water) do nothing to enhance Iraq's capacity to hit land targets. Military experts in Baghdad also argue persuasively that the French planes add little to Iraq's ability to strike at surface vessels.

The Iraqi Super-Frelon helicopters, also armed with Exocet, have at least the same range as the Super-Etendard at the low altitudes required to avoid Iranian radar. They can reach well beyond Kharg Island and with available air cover abould be capable of hitting virtually undefended oil tankers which in ballast, stand high out of the water.



President Saddam Hussein



Yet President Saddam Hussein hesitates to act and the regime continues to display an equivocal attitude to the war. After three years and three months of fighting, Iraq has suffered massively. At least 50,000 Iraqis have been killed, perhaps more. Another 50,000 are held prisoner in Iran. Nearly half-a-million men have been drafted into the Popular Army and serve for periods of four to five months each year.

Economic development has come almost to a halt. No new development contracts have been awarded in the past 12 months. The country's reserves have been run down from $30bn-$35bn to just over $2bn. Another estimated $30-$35bn has been borrowed from Saudi Arabia and the Gulf states.

Iraq's capacity to finance the war will depend for two years at least on further subventions from the Arab oil producers. Even if planned new oil pipelines are built and operational by the end of 1985, Iraq appears less capable than Iran of enduring an extended war of economic and military attrition.

Three weeks ago north of Mandali, the Iraqi army had been pushed back west of the town of Penjwin in a period of bitter fighting. Estimates in Baghdad, based on the number of taxis with coffins on their roofs leaving the battle area and the quantities of black flags draped on the houses of the victims, suggested that up to 5,000 Iraqi troops may have been killed.

Yet the impact of these deaths — and the thousands that preceded them — is muted. The families of the victims continue to be generously and sometimes bizarrely compensated for their deaths. Cars are given less often now because of the shortage of hard currency and instead families receive the equivalent of $10,000 in cash, together with a piece of land and an easy loan to finance the building of a house. If a man had four wives, each receives the same compensation.

Children, brothers and sisters of the dead, missing and of prisoners of war, are automatically given an additional five points in the totting-up system for university entrance. Once at university they are allowed to fail their courses for three successive years before being asked to leave. Officers who are killed continue to be promoted at least twice after their death and their pensions adjusted accordingly.

At least 50,000 Iraqis have been killed, and another 50,000 are prisoners in Iran

Iraqis living abroad may in addition free themselves from any risk of military service or possible future recrimination by sending a cheque for $25,000 to Baghdad. Middle-class Iraqis living inside the country are not so fortunate. Foreign travel is now only permitted for official business or health reasons and the war is immensely unpopular amongst those who have the financial capacity to survive elsewhere.

These are the people who have been the main contributors to the recent collections of gold and cash designed to bolster the war effort. The equivalent of close to $400m in gold and casb is now thought to be deposited in the vaults of the central bank following bouse-to-house calls by officials of the ruling Ba'ath Party and nightly lists of major contributors read out on television, aimed at flushing out the reluctant.

The ability to produce an official receipt for a large contribution is an important asset.

With security so pervasive and contact with foreigners discouraged, the extent to which that loyalty is being strained is difficult to gauge, although most Iraqis appear reluctantly to accept that the Iranian threat to their national survival justifies the war. Certainly there has not been any significant disaffection among the Shia Moslem majority of the population who are co-religionists of Ayatollah Khomeini, the Iranian leader. "We would welcome him as our Pope, but we do not want him as our ruler," said an Iraqi Shia.

Where some fissures have appeared is at the most senior levels of the country's leadership, in particular in the family of President Saddam Hussein. Earlier this autumn, the President split with his three half-brothers, the eldest of whom, Barzan Ibrahim al-Takriti, was the head of the security services and arguably the second most powerful man in the country.

None of the three have been seen in public for several weeks and are thought to be under house arrest in the town of Takrit, the family power base. The reasons for the row include President Hussein's decision to allow bis daughter to marry a member of the Republican Guard rather than one of her cousins which would bave served to unite the two halves of the family.

As important, President Hussein was believed to be concerned at the manner in which Barzan Ibrahim exercised his power and to counter this had set up another intelligence service reporting directly to him. Suggestions that a coup attempt had been nipped in tha bud cannot be substantiated.

Such a critical change at a time when the regime is under pressure is some indication of the stress on President Hussein. He has now replaced his half-brother with Lt Gen Hisham al Fakr, formerly commander of the Fourth Army Corps wbo comes from Mosul, which is also the home town of Mr Taha Yassin Ramadan, the first deputy prime minister.

While the loyalty of the new security chief to the President is unquestioned, the concession of such a key post to an army man lends weight to suggestions that a marginally more collegiate form of leadership could eventually emerge.

This may go some way to reducing the almost suffocating cult of personality which has been erected in Iraq around the President. It could also broaden the base of a regime which needs no reminding of the threat of assassination.

Yet despite closed-off streets, blocked entrances to official buildings and ubiquitous armed men, Baghdad stubbornly refuses to look like a city at war. Even at Mandali, within range of Iranian artillery, the biggest display at the town's one supermarket is for Bell's 12-year-old whisky and Lanson's Champagne, each available at $30 a bottle.

The regime knows that it is involved in a race against time to pay for such luxurious normality. Bankers estimate Iraq's import programme for 1983 will have cost about $8bn, although payment on part of this has been deferred for 12 months. The war effort is thought to require an additional $0.5bn a month, but this figure rises sharply during a major Iranian offensive.

Against this overall hard currency requirement of $14bn-$15bn Iraq will be able to show exports of oil and refined products totalling no more than $8bn. By the end of April the increased capacity of the sole oil export pipeline to Turkey (up to 980,000 barrels day) should yield a further $2bn in a full year.

Iraqi officials are meanwhile working flat out on plans to construct an entirely new 500-kilometre pipeline to link up with the east-west Saudi Arabian pipeline which has its terminal on the Red Sea. Broad agreement on the pipeline has been reached with the Saudis and orders for the pipes are expected to be placed soon.

Initally the line will carry abont 500,000 barrels a day and is described in Baghdad as the first stage of an independent Iraqi pipeline which will cross Saudi Arahia and could eventually bring Iraq's oil exports close to pre-war levels.

The most optimistic forecasts are that the spur line will be completed by the middle of 1985 and the entire project within "a very few years." The entire multi-billion dollar cost would be borne by the construction and supply companies which would then be entitled to a percentage of the throughput of the pipelines.

This hint of financial self-sufficiency on the horizon undoubtedly contributes to the psychological state of the President and any decision be may make on seeking seriously to disrupt Iran's oil exports. If the pipeline work is successfully completed it will loosen, if not entirely break, the partial oil blockada which Iran has on Iraq. Certainly that is what Saudi Arabia and the other Gulf states, fearful that the war may spread, are hoping.

The "escape routa" presented by the pipelina could prove attractive to Saddam Hussein particularly if be feels apprehensive about the enormous risks involved in launching another full-scale strike against Iran. His last such decision—to invade Iran in September 1980—has had results he had never contemplated and has probably undermined confidence in the capacity of his military commanders.

In a country where one man wields such power, qualities of criticism, honest appraisal and initiative tend to be suppressed at source. Military officers who are deemed to have failed are severely punished and the Air Force is known for this reason to be highly sensitive to the loss of combat aircraft.

For so long as President Hussein feels relatively secure domestically and his troops are able to contain Iranian ground attacks without conceding more than few square miles of territory, the decision to gamble massively again will probably be resisted.

Bnt should tha Iranlans threaten a decisive military breakthrough, the pipeline plans go badly awry or the supply of funds from Sandi Arabia dry up, then the battle for survival is likaly to be a far more dramatic one.

Men & Matters

Brew master

With practised disdain, Sir John Cuckney, chairman of Brooke Bond, dismissed demands at the company's annnal meeting yesterday for more Information about living coodltions on its tea estates in India and Africa.

This was the sixth successive year that shareholders supporting the World Development Movement, Britain's leading Third World lobby group, had pressed the board on tha issue.

Old adversaries they may be, but no warmth has grown ont of familiarity.

Sir John announced pre-emptively, that the Brooke Bond board felt that it should not "provide extra detailed information about certain selected areas of our operations."

Then recalling that similar motions had been defeated by the board every year since 1978, be revealed that this tima ha had 64m proxy votes on his side, compared with 900,000 against. When the vote came, tha board duly won a crushing victory.

Suggestions by David White, the WDM's campaigns officer, that refusal to provide information implied the company had "something to hide," and that acceptance of his "modest and moderate" request would "alleviate the worst fears," were imperiously dismissed.

So, too, were suggestions that the company was contravening the International Labour Organisation's convention on plantation estates, and paying scant regard to the OECD's code of conduct for multinationals.

Brooke Bond say profits improve by 37 per cent in the year to June, and yesterday predicted a further improvement this year. Tea auction prices are at a six-year high at the moment, 85 per cent above April auction prices.

"Stop worrying—this acid rain threat is vastly exaggerated"

Smoke signals

As Christmas approaches and good folk are starting to pass round the cigars, the Havana cigar information centre is spending money in Britain on an education campaign. Apparently the Cubans are anxious that the products of its cigar industry should not be ruined by the odd babits of the British.

Speaking up for the Havana cigar, Christopher Morgan implores smokers not to remove the cigar band. "The precious outer leaf could tear," he warns. "We say keep the band on. After all we don't take a hammer and chisel to the RR on the front of the car."

He is equally scathing about the widespread practice of poking spikes into the ends of cigars or using V-cutters. "The Havana, as it is rolled by hand, allows the smoke to flow unhampered down the cigar, eivng a cooler smoke than ordinary cigars. If the end of the cigar tapers to a bole made by a spike, or into a narrower aperture made by a V-cutter, the smoke will not continue to flow gently but will come to an unsatifactory bottleneck."

Well, those pronouncements should stifle many an after-dinner argument during the festive season.

Family circle

"Lambsdorff Stays." This German newspaper beadlines must be as cheering to Chancellor Helmut Kohl as the story beneath it, wbich describes as "absolutely false" the "rumours of the impending resignation of Count Lamosdorff."

Only trouble is that the newspaper is dated November 16, 1903, and tha Lambsdorff in question is not today's German Economics Minister, suspected by the Public Prosecutor of corruption, but one of his ancestors who happened to be the Tsar's Foreign Minister.

Hole story

Swiss scientists believe they bave solved a mystery which has been baffling the country's dairy industry for the past three years —why Gruyere cheese is losing its boles.

The pbenomenon has been observed since 1980 and has been sorely vexing the cheese producers. Current samples average about 15 per cent less boles than 10 years ago.

A communique this week from the Swiss Cheese Union assured consumers that the loss of holes meant "neither a disaster nor a lowering of quality."

Experts, it said, have traced the problem to cootlnued improvement in sterilisation methods. Not only are objectionable organisms being destroyed, but some of those as well which produce the gases that create the holes during ripening.

"While the absence of holes would not make any differenca to tasta or quality, an optical symbol dear to consumers would be missing," said spokeswoman Lisbeth Staehli.

"Without the holes, a piece of Gruyere would almost look like a piece of concrete," she said.

Happy return

Ship-owners tend to play it safe with their "thank-you" presents to women who name their ships—jawellery, cut glass, that sort of thing.

But Maersk Shipping showed a little more initiative when Mrs Jean De Neef, wife of Britoil's North Sea drilling manager, Dirk De Neef, named their multi-purpose offsbore support ship, Maersk Cutter, in Denmark. She was presented afterwards with — a cement mixer.

"It's just what I wanted," sha responded sincerely. For Mrs De Neef is an energentic handywoman who admits to a taste for "messing about with cement" and has already built a patio at her Abeerdeen home.

The mixer, bearing the legend "Maersk Mixer" picked out in the company's blue and white livery, has now been dellvered to Aberdeen by the ship that Mrs De Neef named. She plans to build a garden pool in the spring.

Mr Money

Good news from Zambia. We hear that the suspension of the acting director of geological surveys Nick Money, has been lifted.

It was reported in August that his contract had been terminated pending certain investigations, but be has now been reinstated.

Observer

POLITICS TODAY

Nothing to fear but the Party

By Malcolm Rutherford

THE FIRST thing to be said about British politics this week is that Mrs Thatcher is still head and shoulders above any of her rivals, whether in the Conservative Party or outside.

So much was clear from her performance in the House of Commons on Wednesday after the breakdown of the Athens meeting of the European Council. For the Social Democrats, Dr Owen now admires her so much that he has become virtually an acolyte. As for Mr Neil Kinnock's huffing and puffing, one begins to wonder whether the Labour Party really has acquired a new leader.

And yet, as so often in the Conservative Party, it is not quite as simple as that. It is almost as if the Tories had nothing to fear but the party itself.

On the face of it, it is all very odd. The Government is streets ahead in the opinion polls. Events, like the televised picketing of the printers' dispute at Warrington, seem almost to conspire to keep it there. The economic indicators are looking better. And the opposition remains divided between Labour and the SDP-Liberal Alliance. So long as that division continues, the Government has a built-in advantage.

But that is not really how the Tories are behaving. On the contrary, they are showing distinct signs of nervousness. Shortly after Mrs Thatcher returned from the Commonwealth Prime Ministers' conference in Delhi last week, Lord Whitelaw, the deputy Prime Minister, was given a new role as co-ordinator of Government information. That hardly looks like a sign of confidence that all has been going well.

If it is too much to say that Lord Whitelaw was self-appointed, there is at least something in the theory that he had a hand in writing the job specification. For, as one of the older and most experienced Tories, the deputy Prime Minister is haunted by the memory of 1959 when Mr Harold Macmillan won the general election with an increased majority, and then proceeded to fritter away the gains by not having any clear idea about what to do next.

None of this is entirely flattering to Mrs Thatcher, still less to the Tory Party as a whole. Since the general election in June, the Prime Minister has made mistakes. She tried to impose her own candidate for Speaker on the House of Commons. She got it wrong, as she nearly always does, on MPs' salaries. She failed to see in time that Mr Cecil Parkinson would have to go. And she made a hash of Grenada, even if the larger hash seems to have come about because of a breakdown in communications between London and Washington.

All of these are quite small matters. No similar mistakes have been made on the more central issues of Europe, Lebanon, the Middle East in general and the economy. Still, the warning lights were beginning to flash.

Something else has been going on, too. The popular press has become bored. During Mrs Thatcher's previous administration, it used to attack the wets in her Cabinet. Now most of the wets have been removed, including the deputy Prime Minister by his elevation to the Lords and away from the Home Office. The attacks have come dangerously close to Mrs Thatcher herself.

There has been a rub-off effect on the Tory Party. The Conservatives have a very large majority in Parliament. Too many Tory MPs have nothing much constructive to do. The party is full of the frustrated young, the disappointed middle-aged, and the bitter old.

One way of making a stir is to attack the Government. There is a kind of cycle of violence here. The attack is reported in the MP's local newspapers, it is noted by the local Conservative Association and he or she gets the reputation of being an active Member.

If the MP is prominent enough, like Mr Francis Pym, the former Foreign Secretary, the attack is also reported in the national Press. Indeed almost any Tory revolt against the Government makes news. It is not that the Express and the Mail are thought to be about to switch their political allegiance. It is just that they look for stories about opposition and conflict, and the main opposition seems to come from within the Tory Party. In the long run this could be damaging because it could affect the climate of opinion, just as opinion gradually turned against Mr Macmillan's Government after the series of banana skins in the early 1960s.

Lord Whitelaw: a new role.

Moreover, three of Mrs Thatcher's most senior Ministers have, in their different ways, recently come a cropper. Mr Leon Brittan, the Home Secretary, was judged not to have come out well from the debate on capital punishment before the summer recess, though he is now making a comeback.

Sir Geoffrey Howe, the Foreign Secretary, has probably dished for ever his chances of becoming leader of the Conservative Party. The reason is that he over-exposed his major weakness in the debates on Grenada. Sir Geoffrey never was a House of Commons star, but he has now been seen to fumble and mumble too often. He did it again when answering Foreign Office questions on Lebanon on Wednesday. However intelligent, placid and amiable he may be, he no longer looks like leadership material.

But perhaps the biggest surprise of all was the reaction by the popular Press to Mr Nigel Lawson's Autumn Statement. The statement was cautious, and non-committal. It is also fair to add that the Chancellor never promised tax cuts in the next Budget; only the hope that they might come in the lifetime of this Parliament.

Yet the popular reaction was quite brutal. "Nasty one, Nigel," and so on. That was probably the turning point in the realisation that the Government had to get a grip on its information policy and to be more coherent about a long-term strategy.

It was also the beginning of a new alliance within the Cabinet: between Lord Whitelaw and Mr Lawson. On the surface, it is an unlikely liaison. Both men are acutely intelligent even if one of them does his best to conceal it. Both of them are essentially pragmatic, even if Lord Whitelaw did not exactly go out of his way to promote Mr Lawson before. Yet they do have one great interest in common: neither is likely to become party leader, yet both of them want the Conservative Party to remain in power.

Lord Whitelaw's new tasks as co-ordinator of Government information can be simply described. As a member of myriad Cabinet committees, he is supposed to know what is going on. He has access to No 10 Downing Street in a way that no-one else has, and probably more influence over Mrs Thatcher than any other member of the Government. His job is to help Mr Bernard Ingham, the Prime Minister's Press Secretary, rather than seek to get ahead of him. He has no remaining ambition, except to preserve decent government.

And he does have one great advantage. He has the authority to call Ministers together for a head-to-head or a heart-to-heart if they seem to get out of step. Mr Ingham couldn't do that himself. Mrs Thatcher doesn't seem inclined to.

Yet there are two important matters on which Lord Whitelaw and Mr Lawson seem to agree. One is that Mrs Thatcher must stay as leader beyond the next general election. The other is that there must be some kind of long-term strategic plan.

It is now more than likely that, other things being equal, the eventual successor to Mrs Thatcher as leader of the Tory Party will be Mr Norman Tebbit, the Secretary of State for Trade and Industry. He is way ahead of any of the other runners.

Mr Pym made a fool of himself by going on about the state of the economy and the need for leadership at a time when the economy seemed to be getting better and Mrs Thatcher was re-asserting her own authority.

Relations between Mr James Prior, the Secretary of State for Northern Ireland, and the Prime Minister are getting better. So much is admitted on both sides and so they need to, given the present state of affairs in Ulster and Dublin. But they are not yet at the stage where Mrs Thatcher could afford to promote Mr Prior to the Foreign Office if Sir Geoffrey goes to the Lords. Their temperaments remain too far apart.

Mr Peter Walker, the Energy Secretary, poses a dilemma. Probably he will have to go in the next reshuffle. He was too clever by half in departing to China, having agreed the increase in energy prices, yet without having said in public that he had done so. It is claimed that his agreement was officially minuted. Yet he is perhaps the one threat of a sacked Minister on the backbenches that the Government does not want to take on.

Mr Michael Heseltine, the Defence Secretary, is not taken too seriously. It is noted that he is a very shy man, not at home with the party faithful, except when he is making a rousing speech at the Tory conference. When it comes to meeting Conservatives in the flesh, Mr Walker does it much better.

So it comes back to Mr Tebbit. And the answer is yes, but not yet. He has developed enormously, but it is still not quite clear which side of him will come out on top: the "semi-house trained polecat," as Mr Michael Foot once put it, or the new conciliator. Better to wait. Better to keep Mrs Thatcher.

There are also policy questions. Mrs Thatcher has abolished the Government's Central Policy Review Staff or "think tank," though without putting anything else in its place. Mr Lawson had an idea of establishing some commission to look into the long-term outlook for government revenues and expenditures, though the Treasury now seems to be consumed for the next few months with the business of preparing the Budget.

Lord Whitelaw would like it to be much grander: to look to the 1990s in a way that Mr Macmillan's Government did not look to the 1960s. The commission would cover employment, health, education, defence —everything. The question is whether it will get off the ground, or whether the Government will simply stumble on, like its predecessors. No one yet seems to have found time to talk to the Prime Minister about it.

Lombard

A CAP game for Christmas

By Ian Davidson

GOOD MORNING sir, can I interest you in a plan for the festive season? We have a wide variety in stock, for all ages, which can be invaluable for reviving the conversation after the Christmas pudding has done its work.

For example, have a look at Strategy Lebanon. The scheme is to rewrite the Lebanese constitution so that the Moslems come out on top, but Amin Gemayel remains President. A bit violent? Perhaps you're right.

Well, consider Exploding Deficits. The task is to devise a campaign plan for Ronald Reagan which will prove, by next November, that a $200bn shortfall every year for ever is good for you. That should tickle the intellect, and can be played with your new home computer. No?

Then here is just the thing to suit all pockets: ReCAPitulate. The plan is to reform the Common Market's farm policy so that everyone will be better off (or almost everyone), even if they don't realise it. Impossible? Aha, thought you'd say that. But it's all explained here in the crib—in French, actually. Only trouble is, it involves a bit of upheaval all round. The task for the players is selling it to 10 governments — before next March.

Care for a quick run-through? We start, in the top left-hand corner with a proposition and a clue. The proposition is that the main flaw in the Common Agricultural Policy is the current price-ratio between animal products and animal feed; the clue is that most problems can be solved by cutting the price for animal feed.

Cereals are heavily protected in the Community and too expensive to feed to animals; so more and more milk producers feed their cows with imported substitutes, like soya, which come in duty-free, mainly from the U.S. The French Government thinks that this kind of factory farming, which doesn't use French maize, and hardly uses grass, is simply not European; so it wants to keep out all the nasty cheap American soya.

But in *this* game, such an approach is ruled out: the effects would be inflationary, and would lead to a trade war with the U.S. Instead, we cut the price of cereals by about 40 per cent, to the level of world prices. European feed-grains would then displace imports, wholesale prices for pork and poultry would drop by about 20 per cent, those for beef by a smaller amount, and the general consumer price index would fall by about 1½ per cent.

Of course, the plan would not allow animal producers to pocket all the advantages of cheaper feed-grains: to prevent a further increase in the structural dairy surplus, the price of milk would have to be cut by 12-15 per cent. At the same time, the sugar price would be cut, to stop cereal farmers going over to beet.

Now you can see here that this cut in cereals prices has amazing bugetary consequences: farm spending in the Community would fall by nearly 3.4bn Ecu, which is 30 per cent of current farm spending and 20 per cent of total Community spending.

You wouldn't save much on cereal costs, because the fall in export subsidies would be cancelled out by the fall in receipts from import levies. But there would be an enormous saving on milk, from reductions in export and consumer subsidies. Actually, the grand total of 3.4bn Ecu depends on some pretty tricky footwork with beef, vegetables and wine, but that's all part of the fun, isn't it?

In budgetary terms, France would be much the biggest loser —1.3bn Ecu worse off. But if you net out the economic benefits, the only country which would really suffer would be Ireland, and could be bandied as a special case.

Who thought it up? Well, it says here it's by someone called Pierre Lelong; claims he's a French agronomist, and president of the Community's Court of Audit to boot. But he leaves the negotiating tactics to you. Shall I wrap it up?

Commentaire, autumn 1983, pub. Juillard

Letters to the Editor

Nuclear power and electricity supply and demand

From the Director, Centre for Energy Studies, Polytechnic of the South Bank

Sir,—As one who has contributed to the Sizewell inquiry and has been responsible for research done on behalf of 13 local authorities, and the Town and Country Planning Association, I would like to comment on John Baker's response (December 2) to Ian Jones' article.

The Central Electricity Generating Board's economic case has been tested in very considerable depth and unless all the research work that has been done by the bodies who have submitted evidence are to be dismissed, then the conclusion must be drawn that its central estimates are over-optimistic. This relates particularly to capital cost construction time and plant related variables.

Its planning backgrounds are ones that Mr Baker has conceded favour nuclear power as against alternative strategies. The Board has not taken seriously the economic advantages of converting its large amount of oil-fired generation to coal.

Other countries, notably the U.S.A., Denmark and even France, have undertaken substantial conversion. The economic advantage lies in the fuel savings and the short payback time. By comparison, building pressurised water reactors is less attractive economically and is more risky. The effect also is that placing of what amounts to a large tranche of coal-fired plant (ie converted from oil) on the system removes the necessity of building any new power stations this century.

The Board has made no estimates of the capital requirements or their macro economic impacts. Neither has the Department of Energy. Given that the Government's preoccupation is to keep nationalised industries within financial targets and, as far as possible, to be self-financing, this lack of conformity of the Board with the Government's economic strategy has created a serious policy vacuum.

The CEGB has made large errors of judgment in the past in its investment programme. Mr Baker must therefore not mind if there is scepticism about the Board's view of the future. In particular there is great concern that a decision in favour of Sizewell B would be seen to (again to use Mr Baker's phrase) "open the door" to further nuclear stations. We are now seeing the consequences in France of the much praised nuclear programme. The French electricity authority, EDF, has plunged deeply into debt since 1980. Its total debt is now FFr 150bn, of which 40 per cent is overseas borrowing, and which carries a debt service charge which has risen to FFr 6bn (1982).

We have therefore witnessed during the last 15 years in this country, and now in France, the ability of large centralised public sector electricity authorities to realise a massive mismatch between supply and demand. In the end it is the customer who must pay for this, and that is why Sizewell B is rightly being subject to close scrutiny.

Colin Sweet.
Polytechnic of the South Bank, Borough Road, SE1.

Appallingly bad psychology

From Mr T. Hoseason-Brown

Sir,—After the way in which the Treasury handled the BP issue no one ought to be surprised that the Cable and Wireless issue was a flop. After having cashed unsuccessful subscribers' cheques and holding the money for a week, and having adopted a striking price 15p above the price ruling in the Stock Market at the time, it is not really surprising that investors decided not to be taken to the cleaners for the second time.

As I said in a previous letter the BP share issue was very smart business but appallingly bad psychology. Subsequent events have borne this out. The Government has now succeeded on the first occasion in raising large sums of money at the expense of several thousand small shareholders; on the second occasion at the expense of the underwriters. It may now dawn on it that if future issues are to be a success a little gilt must be left on the gingerbread.

T. Hoseason-Brown,
6 Norland Road, Clifton, Bristol.

House buyers Bill

From Mr A. Roper

Sir,—It is a myth that the length of time taken in conveyancing transactions is in some way connected with either solicitor methods or the legal work. Delays are almost always attributable to either a person in a chain of contracts not having sold his own property or a substantial quota delay by a building society in granting a mortgage or a local authority taking a substantial time in issuing a local land charges search. Solicitors are as much frustrated as their clients by the causes of the delays and unqualified conveyancers would not be able to achieve any better service in this respect.

Saving costs could only be achieved by substantially lowering the quality of service thereby placing the public at risk. Full protection can only be provided in the first place by a detailed and substantial background knowledge of the law which is only acquired by qualified persons, ie, solicitors, after many months and indeed years of study. There is also a limit to the level which fees can be reduced owing to the costs in overheads of running a business.

No advantages would be gained by a successful passage of the House Buyers Bill. Instead the public would lose the protection afforded by the essential legal qualifications of the persons whom they employ.

In almost every other field there is legislation or pressure to ensure that only properly qualified people carry out work for the public and under proper controls. An example is the recent call for new legislation and controls to protect the public against home improvement cowboy firms. Will anybody ever be satisfied?

Alan D. Roper.
Court Chambers, 3, Victoria Street, St Albans, Hertfordshire.

Basic information needed

From the Director, New Enterprise Centre, Manchester Business School

Sir, — Dr Haynes (November 30) is absolutely correct to argue in favour of ethnic monitoring by large firms. Without basic information there is far greater potential for racial conflict, for prejudice is often founded on ignorance.

But it is a great paradox that leading British companies are more thorough and conscientious about ethnic monitoring than is the state itself (as those who remember the furore surrounding the design of the last census will recall). The situation is very different in the U.S., and this has implications for economic and social policy, as well as for business. An example will make this clear.

In America the business census includes questions on both the ethnic origins and gender of those owning and controlling that business. This data allows the U.S. small business administration to devise, implement and, most importantly, monitor policies designed to increase the proportion of businesses founded and run by ethnic minorities.

Exactly parallel considerations have led to policies designed to increase the representation of women among owner-managers.

In Britain, where leading commentators cannot even agree on the size of the independent business population, consideration of the relative ethnic origins of small businessmen and women, or of the relative proportions of firms owned and controlled by men and women remains largely speculation. Thus whereas American policy towards small business is at its best a careful mix of economic and social policy, rooted in analysis of factual data, the option is not even available in the UK.

David Watkins.
University of Manchester, Booth Street West, Manchester.

Get thee to the church in time

From Mr E. Thomas

Sir,—Mr R. J. Rosser (Dec 3) should not be envious of the double capital gains tax exemptions available to a couple "living in sin." Consider the problems they must experience in each attempting to achieve annual capital gains in the amount of the exemption, bearing in mind that, unlike a married couple, transactions between them for this purpose are regarded as disposals and acquisitions for capital gains tax purposes, and also as gifts for capital transfer tax.

Imagine the shock when the couple realise that on the first death the liability to capital transfer tax will claw back much, if not all, of their past income tax and capital gains tax benefits, as the surviving spouse exemption cannot, of course, apply.

At a hint of the first heart tremor (other than of sentimental emotion), it will be a case of "get us to the church in time."

E. H. Thomas,
20, Broncoster Lane, Purley, Surrey.

FINANCIAL TIMES
Friday December 9 1983

Row over Swiss Cabinet candidate grows

By John Wicks in Zurich

DISAGREEMENT between the left and right is gathering force in the Swiss Social Democratic Party because of the defeat of its woman candidate, Dr Lilian Uchtenhagen, in the elections to the Swiss Cabinet the Federal Council.

The left is making use of the resentment caused by her defeat in an attempt to prise apart the four-party coalition of Social Democrats, Radicals, Christian Democrats, and the Swiss People's Party, which have jointly ruled Switzerland since 1959.

On Saturday, the executive of the Social Democratic Party will meet to consider the case. It could call an extraordinary party congress to consider whether to walk out of the coalition. Herr Helmut Hubacher, the party chairman, who usually tends towards the left rather than the right, said yesterday that the question of quitting the coalition was open.

The matter once again draws attention to the serious divisions within the Social Democratic Party. The left, including Herr Hubacher and many younger party members, have long been disenchanted with playing a minority role in Cabinet. On the other hand, the party's traditional supporters in the trade unions and in the working class wish to continue in office. They argue that, given the many checks and balances on the Swiss system, the party would sacrifice what influence it has by going into opposition.

The latter group has often expressed misgivings about Herr Hubacher's policies and very nearly prevented the party from nominating Dr Uchtenhagen for Cabinet office. The head of the trade union federation, Herr Fritz Reimann, has openly welcomed the election of Dr Otto Stich, the Socialist voted into the Cabinet by the parliament. For their part, the Young Socialists, not for the first time, have called for an end to Social Democratic participation in the Cabinet.

The left has not done the party much good in Swiss public opinion. In the last general election in October, all four government parties lost some ground among the electors, but the socialists suffered most.

They fell back to 22.8 per cent of the vote from 24.4 per cent in 1979. The Radicals fell from 24.1 per cent to 23.4 per cent, the Christian Democrats from 21.5 per cent to 20.2 per cent, and the Swiss People's Party from 11.6 per cent to 11.1 per cent. Splinter parties of the far left and right picked up the stray voters.

● Switzerland's economy should show a modest upswing in 1984, with gross domestic product rising a real 1.5 per cent against zero growth in 1983 and a drop of 1.2 per cent in 1982, Union Bank of Switzerland said.

In its latest monthly report, the bank predicted an improvement in exports in the light of economic recovery in the U.S. and other industrial states.

It said 1984 would see the first real increase in exports of goods since 1981, and forecast 2 per cent rise in exports of goods and service in 1984, against a rise of 0.2 per cent this year

FACILITY OF £500M ARRANGED BEFORE DEBT CRISIS

UK holds open credit to Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO AND PETER MONTAGNON IN LONDON

BRITAIN is to help Brazil through its financial troubles by holding open about £500m ($725m) in undrawn medium-term export credit commitments made available before its current debt crisis broke.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, conveyed this message on Monday in a telex to Sr Ernane Galveas, his Brazilian counterpart. The news was immediately construed in Brasilia as a sign that Britain had abandoned its previous hardline policy against lending to Brazil, although this was categorically denied yesterday by the British Government.

Brazil has been seeking a $2.5bn package of loans from Western governments. This will complement the $6.5bn credit it is arranging from its commercial bank lenders to stave off a default on its $90bn foreign debt. The government loans have to be arranged before the bank credit can be paid over.

In London yesterday, Whitehall officials were adamant that Britain still refused to participate in the new loan package. The message from the Chancellor simply confirms existing arrangements, they said.

"We don't rule out new credit for all time, but in present circumstances it would be inappropriate given the contribution we are already making and the fact that Brazil is in the early stages of an IMF programme," one spokesman said.

Brazilian officials were, by contrast, confident that the British announcement gave the $2.5bn government loan package a significant boost. Sr Tarcisio Marciano de Rocha, head of the Finance Ministry's international department, said the government loan package was already assured and could go as high as $5bn.

Attention has begun to focus on the government package as the bank credit nears completion. A formal condition for payment of the bank loan is an assurance to the banks from Mr Jacques de Larosière, IMF managing director, that the government loans are in place. Until this week only the U.S. has said publicly that it will contribute $1.5bn to the government loan.

Pressure has therefore begun to mount on other countries. A general view in the banking community yesterday was that the latest British action did not signal a clear change of heart, but some bankers argued that Mrs Margaret Thatcher, the Prime Minister, might be willing to contribute if a way could be found for Britain to do so covertly. The Prime Minister has been personally identified with Britain's refusal to lend to Brazil and is thought unlikely to admit to an open change of heart.

Mr Guy Huntrods, an executive director of Lloyds Bank International who has been closely involved in the Brazilian negotiations, meanwhile said yesterday that he expected the necessary assurances would come from Mr de Larosière to allow the bank loan to be disbursed without undue delay.

Langoni warns on debt

A WARNING that International Monetary Fund backed rescue efforts for debt-ridden Third World countries will not work, and could even trigger political upheavals in Latin America was made yesterday by Dr Carlos Langoni, the former president of the Brazilian Central Bank, writes David Lascelles in London.

He said the IMF's programmes were condemning whole regions of the world to austerity which was self-defeating and politically dangerous.

Instead, Dr Langoni called for a "symmetrical" solution to the debt problem of the less-developed countries (LDCs) in which the industrial countries and their banks bore some of the cost as well.

Pointing out that his own country's economy had shrunk by 5 per cent this year, he said more and more LDCs were questioning the value of going through an IMF programme.

"There are growing pressures for some unilateral action which will in the end have serious implications for the stability of the international financial system."

Dr Langoni was speaking at a Financial Times conference.

EIB loans receive low take-up from British manufacturers

BY TIM DICKSON IN LONDON

PRIVATE manufacturing industry in Britain is neglecting the benefit of millions of pounds of loans on favourable terms from the European Community.

The European Investment Bank (EIB) said yesterday that it expected to finance projects in the UK up to around £410m ($586m) in 1983 – nearly 50 per cent more than the total in 1982. But according to M Yves le Portz, the EIB's chairman, only 17 per cent of this year's UK lending will have gone to the industrial sector, compared with 28 per cent on average in the Community.

The balance of the UK total has gone largely to the public sector, in the main to energy and telecommunications projects, and to private sector North Sea energy projects.

EIB officials in London yesterday expressed concern at the relatively low take-up in the UK of its loans, which cost between 9½ and 11½ per cent fixed depending on the borrower's size. This is significantly below the commercial rate in the UK for fixed interest lending.

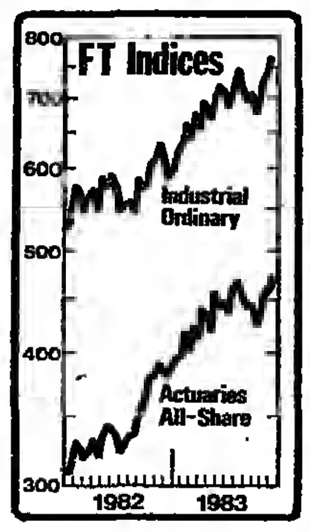
It was pointed out that while efforts have been made to attract small and medium-sized businesses through global loan facilities – under which lines of credit are now made available by the EIB to 11 financial intermediaries such as retail banks – companies elsewhere in Europe have on the whole been quicker to exploit this opportunity.

This year, some 228 small companies have received EIB loans in the UK, compared with 2,000 in Italy. Since the global facilities were introduced in 1979 the EIB has helped around 400 British companies, compared with more than 1,000 in the Irish Republic.

Many believe lack of awareness is the key problem in the UK, but the representative of a London retail bank which acts as an agency said last night that higher interest rates elsewhere in the Community make the scheme relatively more attractive in certain other countries.

Money from the EIB is raised in the capital markets in a mixture of low interest bearing currencies. The funds reach British borrowers in sterling, however, and the UK Government operates an exchange risk cover scheme. The EIB said yesterday that since Britain joined the Community 11 years ago it has channelled the equivalent of £3bn into the UK.

● The latest direct loan – for a total of £10m was signed yesterday with Short Brothers of Belfast. It covers part of Short's investment in the SD3-60 – a new international commuter aircraft.



UK shares hit new records

By Ray Maughan and John Moore

LONDON share prices shrugged off further pressure on sterling, a sluggish opening on Wall Street and the mixed performances of bourses on the European continent yesterday and pushed all the major equity indices to record levels.

The FT Industrial Ordinary share index, which tracks the movement of 30 leading shares, added 6.6 to close at a peak of 760.2. The trading account, which ends today, started two weeks ago at 733.1 and the index has already established new ground within that time.

The more broadly based FT Actuaries All-Share Index has been in a shallow trough since the middle of August but yesterday forged ahead by 1 per cent to a record of 468.03.

One fund manager pinpointed what he called the "Eagle Star syndrome."

He said that high priced cash bids, such as the competing offers for the insurance group from BAT Industries and Allianz, are good for a market which is placing heavy calls on investors' resources.

The latest offers from British Petroleum and Cable & Wireless are quoted below their issues prices and are trading in partly paid form.

Cable & Wireless and Dataserv have both been undersubscribed by almost a third in the past few days after offering shares for sale by tender.

Merchant bankers N.M. Rothschild revealed yesterday that half of the shares offered for sale in the UK company, VG Instruments, had been also left with the underwriters.

VG Instruments, a high-technology company owned by Grovewood Securities, the industrial arm of Eagle Star, offered 12.5m shares, 25 per cent of its equity, at a minimum tender price of 130p per share valuing the company at £65m ($93.6m).

Metallgesellschaft omits payout again

BY JOHN DAVIES IN FRANKFURT

METALLGESELLSCHAFT, the West German metals, process plant and chemicals concern, is omitting a dividend for the second year in succession.

However, Herr Karl Gustaf Ratjen, the chief executive, said that the group expected at least to break even after taxes in the financial year to last September 30, after suffering a group loss of DM 19m ($6.25m) in 1981-82.

In a preliminary report, Metallgesellschaft said group sales fell 5 per cent in the financial year just ended to DM 9.26bn, with a particularly sharp drop in revenue from process plant and metalworking activities.

The group considerably improved its operating earnings, but said they were still not satisfactory.

Metallgesellschaft made a loss on Canadian mining operations, mainly copper, as well as in metals processing, notably nickel operations, which it described as its main problem child.

Herr Ratjen declined to give details of the losses. He said that the nickel processing loss was in double figures, but the company hoped to halve it this financial year.

He said that Metallgesellschaft and Wiggin Alloys, the UK subsidiary of Inco of Canada, had both decided that proposals to merge their nickel processing activities were not feasible. In any case, costs and the breakeven point had fallen.

The Lurgi subsidiary was affected by the worldwide slump in process plant orders.

Eastern close to wage deal

By Terry Dodsworth in New York

EASTERN AIRLINES, the troubled U.S. carrier, is expected to announce today that it has agreed with its unions on big wage cuts across the board. The pact, which will have to be ratified by the union membership, is the result of six weeks of talks after threats by Eastern's management that it would put the company into the bankruptcy courts if it could not reduce its wage costs.

As a result of those warnings and a bitter union response, both sides agreed to an independent audit of the company's finances by the Lazard Freres investment bank and Locker Abrecht, a labour relations consulting firm.

According to reports in Miami, representatives of the company's unions have agreed to a financial stabilisation plan that would include wage concessions of between 18 and 22 per cent for the company's 37,500 employees.

At the same time, Eastern will make a new issue of common and preferred shares to be divided among the workforce, but carrying some resale restrictions.

Eastern has recently been discussing new loan agreements with its bankers. The company disclosed a loss of $34.4m for the third quarter of this year, and has run up losses for the nine-month period of $128.9m. Last year, the company reported a deficit of $75m.

Resumption of Start talks in doubt

Continued from Page 1

SCG meeting – the first since the Soviet INF walkout – said the Nato allies were ready to resume INF negotiations at any time.

"All the elements for an equitable and verifiable agreement were in place when the Soviet negotiators walked out and they will remain on the table for their return."

Western arms control officials believe the Soviet tactic now will be to keep the West guessing about its general attitude to arms control in the hope that public opinion will force Western governments into making concessions.

Officials believe the Soviet tactic of not agreeing a date for resumption of the Start talks could be repeated again next week at the end of the current session of the Mutual and Balanced Force Reduction (MBFR) talks in Vienna. The MBFR negotiations, aimed at reducing non-nuclear conventional forces in Europe, have dragged on intermittently for the last 10 years.

Meanwhile, the Nato foreign ministers meeting in "super-restricted session" are believed to have agreed that deployment of the new U.S. intermediate missiles should go ahead and that there is no point at this time in talking about a possible future merger of INF and Start talks.

Mr Leo Tindemans, the Belgian Foreign Minister and former Prime Minister, proposed that Nato appoint a special commission of "wise men" to study ways in which the alliance could improve and widen its relations with the Eastern bloc while maintaining its defences. The ministers are expected to decide this morning whether to adopt the proposal.

Reginald Dale adds from Washington: The U.S. Government took the Soviet Start move coolly. The decision to suspend participation had been expected and officials noted that the Soviet statement was low-key.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Dubrovnik	C	6	43	Malaga	S	15	59	Salzburg	F	-2	28
Algarve	S	19	66	Faro	S	16	61	Malta	F	14	57	Seoul	S	9	48
Algiers	S	16	61	Florence	F	8	46	Manila	S	29	84	Singapore	R	28	82
Amsterdam	C	3	37	Frankfurt	C	0	32	Miami	C	24	75	Stockholm	C	2	36
Athens	C	13	55	Funchal	F	20	68	Milan	S	6	43	Strasbourg	C	1	34
Bahrain	S	27	81	Geneva	S	2	36	Moscow	F	-1	30	Sydney	S	21	70
Bangkok	S	30	86	Gibraltar	S	17	63	Munich	S	-2	28	Taipei	D	20	68
Barcelona	S	9	48	Guernsey	C	9	48	Nairobi	—	—	—	Tangier	S	17	63
Beirut	—	—	—	Helsinki	Sn	1	34	Naples	F	8	46	Tehran	—	—	—
Belgrade	C	-2	29	H. Kong	S	22	72	New Delhi	S	25	77	Tel Aviv	F	20	68
Berlin	C	-1	30	Innsbruck	S	0	32	New York	C	5	41	Tenerife	F	23	73
Biarritz	Fg	1	34	Inverness	F	10	50	Nice	S	10	50	Tokyo	S	14	57
Blackpool	S	10	50	Istanbul	—	—	—	Oporto	S	12	54	Toronto	Sn	-15	5
Bordeaux	S	5	41	Jersey	C	8	46	Oslo	C	5	41	Tunis	F	12	54
Brussels	C	2	36	Jo'burg	—	—	—	Paris	C	1	34	Valencia	S	13	55
Budapest	S	2	36	Las Palmas	S	24	75	Prague	S	-1	30	Venice	S	6	43
B. Aires	S	29	84	Lima	S	22	72	Reykjavik	C	2	36	Vienna	C	-1	30
Cairo	C	22	72	Lisbon	Fg	4	39	Rio de J'o	C	32	90	Warsaw	C	0	32
Cape Town	—	—	—	Locarno	S	5	41	Rome	S	9	48	Zurich	C	-2	28
Caracas	S	27	81	London	R	10	50								
Casablanca	S	18	64	Los Angeles	C	25	77								
Copenhagen	F	3	37	Luxembourg	Fg	-1	30								
Corfu	R	9	48	Madrid	S	5	41								
Dublin	D	12	54	Majorca	S	15	59								

Readings at mid day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Iran delays Opec pact

Continued from Page 1

least to the level of $34 per barrel."

The Iranian delegation is understood to appreciate that conditions do not allow for any price increase, as long as other members are not prepared, as a result, to contemplate an inevitable and drastic fall in demand for Opec oil below the rock-bottom level plumbed earlier this year. But it seemed desperately to want a form of words in the final communiqué sufficient to satisfy its religious masters back home in Tehran and Qom.

At the end of last night's session, chief delegates, including Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, claimed that the March pact had been endorsed. But it was understood that the Iranian objections over the pricing issue had not been completely overcome.

Hope was expressed that some form of words could still be worked out, but the expectation was that the exercise could not be completed until some time today.

Meanwhile, Dr Mana Said al Otaiba of the United Arab Emirates, who is chairman of Opec's market monitoring committee, appeared to have obtained agreement that surveillance over members' production and pricing should be tightened up in defence of the $29 reference price.

Reagan lifts arms ban

Continued from Page 1

Argentina. It was not the same as an agreement to supply Buenos Aires with U.S. weapons.

If Argentina wanted to buy U.S. arms, its requests would be "carefully considered an a case-by-case basis" in the same way as requests from all other countries, the State Department said.

There are currently no outstanding requests for arms from Argentina, and "we will have to wait and see what they ask for," officials said. There is no provision for military aid to Argentina in the current U.S. budget.

THE LEX COLUMN

New look in the beer-garden

All the September year-end results so far announced by the national and regional brewers attest again to the maturity of their principal market. Even Bass, which reported yesterday and has derived 42 per cent of its sales from lager, has been held to an 8.3 per cent increase in its brewing and drinks turnover, despite the summer boom for lager sales.

The brewers have more-or-less exhausted the potential gains from cutting beer production costs, to which they resorted when the traditional strategy of raising prices backfired badly. Now the thrust of the industry is to increase the return on its property assets and to diversify its operational base further. On both these scores, Bass's 28 per cent jump in pre-tax profits to £175m looks encouraging.

The brewing and drinks trading margin has been lifted from 9.1 to 10 per cent before profits from asset sales and despite continuing rationalisation costs above the line. Pub refurbishment costs have totalled £60m, with more to come in the current year; but Bass has still managed a strong cash flow which has cut net debt to under 20 per cent of shareholders' funds. Most promisingly, leisure division trading profits have risen to 16.4 per cent of the total.

The Coral betting business has in fact had a disappointing second half and a stronger showing here could help the group push total pre-tax profits within striking distance of £200m this year. But the real question mark over Bass's leisure interests concerns its further diversification plans. Is it bold enough to make the big, strategic acquisition it could now afford?

BOC

Pre-tax profits at BOC sagged by a modest 7 per cent to £95.8m in the year to September – on the modified historic cost basis – although the decline amounts to 24½ per cent at the attributable level due to the extra shares in issue and the larger bite taken by minorities.

Nevertheless, the acquisitions have tended to enhance earnings per share, and after debiting £11.4m of exceptional items the underlying trading performance looks resilient.

The industrial gas market in the U.S. turned decisively in the spring and profits have moved up sharply, with Europe improving at a more modest pace. On these trends, the company should manage £135m or so in the current year.

The high capital spending of the last couple of years has taken its toll on the balance sheet, although the predominance of fixed rate debt ironically leaves the group more exposed to a fall in interest rates than a rise. The joker in the business portfolio is the carbon and carbide business, which could turn on a sixpence.

The share price rose 14p yesterday to 260p where the prospective p/e, adding back depreciation and assuming an unchanged tax charge, is well below the market average at about 8½.

Currencies

For a currency whose demise has been widely predicted all year, the U.S. dollar is striding forward with remarkable aplomb. Corporate treasurers and fund managers apparently feel confident enough to top up with dollar assets a month before their balance sheets are ruled off, while the increasing sharpness of the yield curve on dollar deposits suggests that they have been happy to borrow dollars on a longer-term basis.

In the past week, the gap between the one and six-month Eurodollar rate has widened by a quarter point.

The dollar's strength this week certainly owes something to the suspicion that the Federal Reserve is exercising gentle restraint in response to what it still sees as an overheating economy. A high fourth-quarter GDP figure would undoubtedly help to explain why the level of net borrowed reserves remains fairly high when the performance of M1, at least, is satisfactory.

Yet the dollar is also playing its now familiar role as the counterpart of serious currency worries elsewhere. The yen/dollar rate has been remarkably stable since President Reagan's visit to Japan last month – no doubt with some official help – but the U.S. currency is the obvious refuge from the present whipping-boy of the foreign exchange markets, the D-Mark.

GUS

Come boom or bust, Great Universal Stores' profits go chugging gently upwards and the half year to September has been no exception. Pre-tax profits are up 11 per cent at £92.2m and the hardened pessimist might judge from the slowdown in the deferred profit provision that underlying retailing growth may have been running at nearer 8 per cent.

Not a bit of it, however. Retailing profits have risen substantially faster than appears to be the case at first sight, with the new telephone ordering system helping to boost mail order margins and the furniture side powering ahead.

It is the financial arm which has been a drag on reported performance, and here the sharp increase in the depreciation charge, applied to leased assets, assumes prominence.

The market is well used to reading GUS figures and the shares have been one of the main runners in the retail sector in recent months. Yesterday they rose another 10p to 620p.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main; A.V. Hare, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday December 9 1983

Rabobank expands into Germany with Adca purchase

BY JOHN DAVIES IN FRANKFURT

RABOBANK, the Dutch co-operative bank, is expanding into West Germany by taking over an 84 per cent stake in Allgemeine Deutsche Credit Anstalt (Adca).

It is buying the shareholding for an undisclosed sum from Norddeutsche Landesbank (NordLB), the publicly owned regional bank based in Hanover.

Rabobank plans to continue the existing banking business of Adca, which has balance sheet assets of DM 1.9bn ($695,000). It plans also to build up business volume by providing financial services for Dutch customers involved in trade with West Germany.

Adca, an old-established bank revived after the Second World War, has been languishing without dividend payments in recent years. It made a net surplus of DM 0.9m last year.

Wells Fargo of the U.S. and Bank of Montreal, Canada, were at one time attracted to Adca. Earlier this year, NordLB took over an 8 per cent Adca stake from Wells Fargo and re-acquired Bank of Montreal's 25.5 per cent holding.

As part of the unwinding of its interests, NordLB has arranged for 22 Adca branches in the Bremen area to be taken over by regional banks.

Rabobank will take control of Adca at the and of this year. After several months of negotiations, the chief executives of Rabobank and NordLB signed a contract in Frankfurt yesterday to settle the deal.

Executives of the Dutch Bank said they did not plan an offer to small shareholders owning the remaining 18 per cent of Adca and believed they would benefit from the expansion of Adca's business.

Rabobank, with balance-sheet assets of Fl 114bn at the end of June, has more than 3,000 branches in the Netherlands, as well as offices in London, New York and the Netherlands Antilles.

Citibank heads race for Biscayne

By William Hall in New York

CITIBANK, the giant U.S. money centre bank, is believed to be the leading contender to take over Biscayne Federal, the ailing Florida savings and loan. Following a Federal court decision upholding the power of the Federal Home Loan Bank Board (FHLBB) to deal with the financially insolvent savings association, the board is expected to announce the new owner of Biscayne before the end of the year.

Although Biscayne is not a particularly large savings and loan and is currently losing money, it is a potentially very attractive acquisition since Florida is the second biggest savings market after California. In terms of total assets, Florida savings and loans are bigger than the state's commercial banks.

The FHLBB has been trying to sell Biscayne, Florida's sixth largest savings and loan for several months but has been prevented by a court challenge from Biscayne's former owners which blames the FHLBB for delaying the solution of Biscayne's financial problems and compounding its financial difficulties. An Atlanta Federal Court of Appeals last week overturned an earlier decision supporting Biscayne's owners.

The FHLBB has said there are seven bids for Biscayne and although it will not disclose the names of the hidders, Florida bankers believe that Citicorp will emerge the winner. According to the FHLBB, the top bid has come from an institution which is prepared to inject $60m into Biscayne.

Last year Citibank won a long legal battle to take over Fidelity Savings, a failing savings and loan on the West Coast with some 80 offices. Citibank has renamed the savings and loan Citibank Savings, turned it back into profit and is steadily expanding its branch network.

DEFAULT FALLOUT HITS GREEK SHIPPING GROUP

Hellenic fleet remains in town

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

Mr Gregory Callimanopulos

IN AN advertisement published before creditors seized most of its container shipping fleet, Hellenic Lines shows a sad-looking girl on a quayside who has just said goodbye to her boyfriend about to sail on one of the Greek company's ships.

"We've broken hearts from Bangladesb to Cape Town, from Houston to Sharjah and London to Piraeus to get your cargo to its destination on time," runs the text.

But any broken hearts are now likely to be found within Hellenic itself. After the group defaulted last month on a $2.4m quarterly interest payment, banks had seven of its ships seized in U.S. and other ports, and other creditors took three more.

Hellenic, headed by the 47-year-old Mr Gregory Callimanopulos – brought up and educated in the U.S. and married to former Danish film actress, Annette Stroyberg – is Greece's only major liner shipping company.

Run mainly from New York, where Mr Callimanopulos spends much of his time – "very exciting and stimulating" is how he once described the city – it operates scheduled container services between the U.S. Gulf and ports in the Mediterranean, Middle East, South Africa, and southern Asia.

Hellenic has built up its services through a $320m expansion programme over the past few years, ending up with 15 container and 15 bulk carrier vessels. But freight rates have declined, cargo volumes have been poor as lower oil prices have affected purchasing power in the Middle East, and competition has beeo fierce.

The default was on an $80m revolving credit from Hellenic's lead bank, Morgan Guaranty, Continental Illinois and two non-U.S. banks, National Westminster of the UK (through its U.S. subsidiary) and Banque de la Société Financière Européenne of France.

This credit was arranged in March to be convertible after two years into a seven or eight-year term loan. About $60m represented a rescheduling of existing debt.

For the past two years or so, New York-based Morgan Guaranty has been arranging financial support to help tide Hellenic over its difficulties. But the November default finally prompted it to take action.

Cargo from the arrested ships is now being discharged and they are under the management of the banks, which will have to decide whether to auction them now or lay them up and sell them later.

Mr Callimanopulos, who admitted in the summer of 1982 that "our eggs are in one basket and we rely very much on the Arab base," is the controlling shareholder of Hellenic, which he took over in 1979 after the death of his father Pericles.

Other family members are also on the board. The father's will was contested in court by Mr Callimanopulos' mother and sisters, but a truce has been reached. How far the family dispute over ownership affected the running of the company is not clear.

But the shareholders bave not been willing to put up more of their own money to support Hellenic Lines in its current crisis, bence the ship arrests. Losses of Hellenic this year are likely to approach $35m, of which $12m will be operating losses and the rest overheads and finance charges.

The fourth quarter is likely to prove the worst. Hellenic itself has kept a low profile during the crisis, with Mr Callimanopulos refraining from comment.

With loans of more than $2hn to the shipping industry, Morgan Guaranty is the third largest provider of bank shipping finance in the world. Like Hellenic, it has kept its bead low.

One avenue explored by Hellenic for support is the Greek Government, which has turned it down. Because of its name, high profile and type of business – most Greek owners are in the more fragmented bulk and tanker trades – it is generally regarded as the country's national line.

But the Greek shipping community, wbether in Piraeus, New York, or London, does not reckon it has seen the last of Princeton-educated Mr Callimanopulos. His bulk shipping and tanker company, Trade and Transport, is unaffected hy Hellenic's problems. There are also real estate and oil interests. "He will succeed again," said one Greek shipowner charitahly.

German bank profit rises to DM 544m

BY JONATHAN CARR IN FRANKFURT

BAYERISCHE Vereinsbank, one of West Germany's biggest commercial banks, will "at least" maintain a 20 per cent dividend for 1963 after a sharp rise in earnings in the first 10 months.

The Munich-based bank's partial operating result (which excludes some cost items as well as the results of own-account trading) rose by 20 per cent in January-October to DM 544m ($198.5m). The interest surplus was up by 12.4 per cent to DM 1.04bn.

Dr Max Hackl, the chairman, confirmed that Bayerische Vereinsbank had lost DM 35m in the initial phase of last month's rescue of the private bank, Schröder, Münchmeyer, Hengst (SMH).

That was the size of the claim Bayerische Vereinsbank had outstanding on SMH, and which was converted into a subordinated loan as part of the rescue effort mounted by the whole German banking system. Bayerische Vereinsbank is contributing a further sum to the SMH rescue through its participation in the banking system's deposit guarantee fund. The exact sum is not disclosed.

Thyssen arm records 11% drop in sales

By James Buchan in Bonn

THYSSEN Industrie, the capital goods division of the West German Thyssen group, started its new year in October with 11 per cent fewer orders in hand after a sharp drop in sales and earnings in 1982-83.

Dr Werner Bartels, chief executive, said he would recommend that a net profit of DM 55.4m ($20.2m) be transferred to the parent group, compared with DM 78.7m in 1982-83.

The Thyssen parent announced this week that it was planning to drop its dividend for the first time since 1956, under pressure from its steel and special steel operations and from a U.S. subsidiary, the Budd Company.

Thyssen Industrie, which makes plant and equipment for the mining, transport and shipping ... tries, saw sales in ... 6.2 per cent in the end of September ... dropped 29 per cent to DM 4.1bn.

However, Dr Bartels said the figures were distorted by the transfer of some activities to the parent group and by the booking of a DM 800m order for six submarines for the Norwegian navy by Thyssen Nordseewerke on the last day of 1981-82.

Major French textiles group weaves future on new machine

BY DAVID MARSH IN PARIS

"MODERNISATION of spinning and weaving machines is needed almost everywhere. The problem is to find clients with money," says M Bernard Pegurier, product manager of Société Alsacienne de Construction de Materiel Textile, France's largest and oldest-established manufacturer of textile machinery.

The Alsace-based SACM, wbose roots go back to 1826, is intensifying its efforts to win hack international market share in the recession-hit textile machinery sector with the launch of a sophisticated electronically-operated weaving machine, the UR 1000.

SACM, which exports between 85 and 90 per cent of its textile machinery output, has already felt the impact of ... of about FFr 900m ($106.5m) and makes diesel engines as well as textile machines, has suffered in recent years from intense commercial rivalry from manufacturers in Switzerland, West Germany, Italy and Japan.

M Pegurier, wbo spends a large part of his time abroad promoting the company's products, says the previously lucrative business of supplying developing countries with machines and sometimes complete factories has fallen off greatly because of Third World payments problems.

Sales to the Soviet Union and other Eastern bloc countries have to be financed with an increasingly large volume of "compensation" or barter counter-trade – often involving sale back to the West of textile ... only by an infusion of bank and government loans, drastic workforce cuts and a change of management.

Now SACM – in which the state-owned Suez financial conglomerate bas a large indirect bolding – is mounting an effort to fight back.

The new weaving machine, whicb uses microprocessors manufactured by the U.S. company Intel, offers high performance and electronically programmed versatility superior to machines manufactured by Swiss or German rivals, especially for making high-quality specialised textile products, M Pegurier claims.

Out of an estimated 3m weaving looms installed worldwide, M Pegurier reckons that around 2.5m are outdated shuttle looms in need of ... textile companies lack of investment funds.

TransCanada rejects Bell tender offer

By Nicholas Hirst in Toronto

TRANSCANADA PipeLines, a Calgary-based natural gas utility company, has rejected a C$31.50 ($25.4) per share tender offer from Bell Canada Enterprises made earlier this week and in a defensive action bas raised its quarterly dividend from 35 cents to 48 cents a share.

TransCanada is also proposing a two for one stock split. A shareholders' meeting to approve the move has been called for February 8.

In a statement TransCanada's independent directors said BCE's offer, whicb valued the company at C$1.42bn, is "not fair and equitable," adding that it did not represent the substantial premium over market value ... acquire all the shares in TransCanada.

Harvester French unit seeks $12m

BY TERRY DODSWORTH IN NEW YORK

THE FRENCH subsidiary of International Harvester, the debt laden U.S. commercial vehicle and farm machinery manufacturer, is seeking an interim loan of FFr 100m ($12m) pending its planned reorganisation.

The parent company said in Chicago yesterday that the French unit's existing lenders had extended ... the end of January, but the situation remained critical because the company had violated its minimum net worth agreement on October 31 and lenders could therefore accelerate payment of its debt.

Harvester's statement, made in a proxy document to shareholders in advance of its special meeting on ... division were continuing with the French Government and lead banks.

Talks on a possible joint venture with a French agricultural equipment group – believed to be the farm equipment subsidiary of Renault – were also progressing.

U.S. bank to reduce branches

By Paul Taylor in New York

BANK OF AMERICA, the second largest U.S. banking group, has announced plans to close more than 100 branches in California. Up to 3,500 jobs may go.

The bank plans to extend its automated teller machine network and stress other forms of electronic banking, including its recently introduced home banking system using personal computers.

This will be done at the expense of its 1,071 full-service branches

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

QUEENS MOAT HOUSES P.L.C.

(Incorporated with limited liability in England No. 416937)

Placing of £15,000,000 12 per cent. First Mortgage Debenture Stock 2013 at £99·440 per cent.

payable as to £25 per cent. on 12th December, 1983 and as to the balance by 13th April, 1984

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £1,500,000 of the Stock is available in the market on the date of publication of this advertisement.

Particulars of the Stock will be circulated in the Extel Statistical Services and copies may be obtained during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 23rd December, 1983 from:

Charterhouse Japhet plc, 1 Paternoster Row, St. Pauls, London EC4M 7DH.

Capel-Cure Myers, Bath House, Holborn Viaduct, London EC1A 2EU.

9th December, 1983.

INTL. COMPANIES

Australian coal industry doubles its borrowings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BORROWINGS by the Australian coal industry soared by nearly 100 per cent to almost A$3bn (U.S.$2.76bn) in 1982-83, according to an Australian Coal Association survey conducted by Coopers and Lybrand, the accountants.

As a result, the industry's debt-equity ratio rose from 0.27:1 in 1981-82 to 0.86:1.

The return on shareholders' funds has fallen from 16 per cent to 7 per cent in five years—although it was slightly up in 1982-83—while return on capital employed remained static, at 5.7 per cent.

Coal is one of numerous export commodities where Australia's international competitiveness has been jeopardised in recent years by sharply rising costs (notably state government charges) and trade union intransigence.

The survey's authors said the borrowings ratio for 1982-83 was understated, in that the funds provided by joint venture partners have not been identified as borrowings.

Total funds employed at June 30 were A$6.3bn, of which borrowings accounted for A$2.92bn.

The authors said a number of factors had contributed to the coal industry's "poor financial performance," mainly the international recession and the plunge in demand for export coal. "Prices applicable under long-term contracts in terms of U.S. dollars generally declined by around 20 per cent during 1983, while declines in spot prices have been even greater in some instances."

The survey involved 36 companies, covering 137 coal projects, representing 82 per cent of Australian coal production.

There had been two good pointers: continued growth in production and sales (helped by fewer strikes and days lost, as job losses took their toll), and a further boost in capital expenditure, to A$1.8bn. Spending in the current year is estimated at A$1bn.

But profits were depressed, interest charges rose sharply and labour costs were higher. Revenue was 17 per cent ahead, mainly because of higher export tonnages—principally steaming coal from New South Wales.

Employment was about 1,000 lower, at 28,400, with a further fall almost certain in 1983-84.

Taxes and payments for government services rose by 23 per cent to A$980m, while average royalty payments per tonne of coal rose by 21 per cent, from A$1.49 in 1981-82 to A$1.80 last year.

An upturn in profits is unlikely in 1983-84, because of world over-supply, but a degree of cost stability has been achieved in New South Wales, where the Labour state government has made rail freight concessions and frozen royalty and maritime coal loader charges for 12 months.

BHP disposal by Howard Smith

BY OUR SYDNEY CORRESPONDENT

HOWARD SMITH, the diversified Australian industrial and resources group, yesterday sold a block of 2,647,499 shares in Broken Hill Proprietary for A$35.63m (U.S.$32.42m), representing a profit over book value of A$8.34m.

Earlier this week, it sold its 18.4 per cent stake in Adelaide Steamship for A$52.9m, for a capital profit of A$37.5m.

These sales have prompted speculation that Howard Smith might soon strike the takeover trail. The company said yesterday it would play a major role in arranging the funding of the A$105m Mount Thorley coal mine in New South Wales, in which it has a controlling interest, and in which Pohang Iron and Steel of Korea has a 20 per cent stake.

● TAA, Australia's state-owned domestic airline, had an operating loss of A$18.3m in 1982-1983, though the net loss was A$10.9m following the sale of properties in Melbourne. The airline said the injection of an extra A$115m in additional government funding earlier this year would decrease interest charges in 1983-84 by about A$17.5m.

Woodside to cut stake in North West Shelf venture

BY OUR SYDNEY CORRESPONDENT

UNDER A revised plan for Australia's A$11bn (US$10bn) North West Shelf natural gas project, Woodside Petroleum will give up two-thirds of its 50 per cent interest in both the onshore and offshore sections of the liquid natural gas export phase.

The plan will provide a stern test of the Government's foreign investment guidelines, which stipulate at least 50 per cent Australian ownership and control of new resources projects such as the LNG plant onshore, and the transport and marketing facilities.

BHP Petroleum and Shell Australia have already agreed to raise their direct stake in the project's second stage from 8.33 per cent to 16.66 per cent—in addition to which they each hold, directly and indirectly, 21.35 per cent of Woodside Petroleum.

British Petroleum Australia and California Asiatic Oil Company (a subsidiary of Chevron Oil of the U.S.) already own a one-sixth stake each. In addition Woodside is negotiating with Mitsui Company and Mitsubishi Corporation, the Japanese trading houses, over their taking a joint one-sixth stake.

Government objections to the planned reduction in Australian [illegible] have not yet been signed.

Woodside has found it imperative to reduce its enormous exposure on the project, in which it is the key partner. The partners have already spent about A$350m on the export phase. Woodside would be reimbursed following reduction of its second stage stake.

Group Five buys parent company unit

By Bernard Simon in Johannesburg

GROUP FIVE, the South African construction and civil engineering group, will be considerably enlarged following its purchase of the construction division of its parent company, Darling and Hodgson, details of which were announced yesterday.

Group Five is to pay R15m in cash and issue 4m new ordinary shares worth R16m for the acquisition, which includes several leading com[illegible] Hodgson, whose other interests include road transport, engineering, building materials and coal mining, will increase its stake in Group Five from 50.7 per cent to 65.5 per cent.

Earnings were 115 cents in the year to August 1983. Annual turnover of the enlarged group will be around R600m.

Hongkong Land given HK$2.5bn facility

BY ROBERT COTTRELL IN HONG KONG

HONGKONG LAND announced yesterday that it has arranged a seven-year HK$2.5bn (US$320m) standby credit facility from a group of banks led by the Hongkong and Shanghai Banking Corporation.

The facility will be secured on Exchange Square, the company's major office development now under construction.

Mr David Davies, chief executive officer of Hongkong Land, said that the new facility would "bring the total facilities available to the Hongkong Land Group to a level significantly above the group's HK$17bn projected peak debt."

● Hong Kong's government-owned Mass Transit Railway Corporation yesterday signed a HK$2bn eight-year syndicated loan. Agent for the loan is Manufacturers Hanover Asia, which received the mandate in September. The loan provides for banks to increase their participation by 100 per cent if required in 1986. The HK$4bn thus available to the MTRC will cover its major financing requirements for the third leg of Hong Kong's three-line subway. The New Island line is due to open in 1985-86, and will cost an estimated HK$10bn.

A. Beckman PLC

Fabric Merchants and Converters

Profitability Maintained

Year ended June 30	1983 £m	1982 £m
Turnover	13.3	14.5
Profit before tax	1.21	1.23
Profit after tax	0.74	1.00
Earnings per share	7.2p	9.8p

Mr. S. Beckman, Chairman, reports:

- Margins and profitability maintained with firm control of overheads.
- Property investment extended: new purchase for £1.2m of fully let office building in London funded from our own resources. Rental income next year will exceed £500,000.
- Dividends for the year amount to 5.73p per share, same as previous year. With associated tax credit total is equivalent to 8.19p.

Copies of the Annual Report are available from the Secretary, 111-113 Great Portland Street, London W1N 5FA.

Braithwaite & Co. P.L.C.

Bridge and Constructional Engineers
Pressed Steel Tank Manufacturers

Interim Report	Half Year ended 30.9.83 £	Half Year ended 30.9.82 £	Year ended 31.3.83 £
Turnover	3,500,000	4,008,000	11,017,000
Profit on Ordinary Activities before Taxation (Unaudited)	307,334	402,792	1,023,850
Tax on Profit on Ordinary Activities	92,000	80,000	204,600
Profit on Ordinary Activities after Taxation	215,334	322,792	819,250
Preference Dividend	3,938	3,937	7,875
-Ordinary Interim Dividend	109,079	108,460	108,461
-Ordinary Final Dividend	—	—	138,999
	113,017	112,397	255,335
Retained Profit	102,317	210,395	563,915

BANCO DE LA PROVINCIA DE BUENOS AIRES

U.S. $30,000,000 Floating Rate Notes Due 1986

For the six months 7th December, 1983 to 7th June, 1984 the Notes will carry an interest rate of 10[illegible]% per annum.

Bankers Trust Company, London
Fiscal Agent

CAISSE NATIONALE DE CRÉDIT AGRICOLE

US$250,000,000 Floating Rate Notes due 1995 with Warrants to purchase US$125,000,000 10[illegible]% Bonds due 1989

For the six months 7th December 1983 to 7th June 1984 the Notes will carry an interest rate of 10½% per annum with a coupon amount of US$533.75 per US$10,000 note, payable on 7th June 1984.

Listed on the Luxembourg Stock Exchange.
Bankers Trust Company, London
Fiscal Agent

This announcement appears as a matter of record only.

LKB

LKB-Produkter AB
(Incorporated in the Kingdom of Sweden)

Secondary Placing of 400,000 B Free Shares owned by Incentive AB at SEK475 per share to raise SEK190 million

Principal
Enskilda Securities
Skandinaviska Enskilda Limited

Brokers to the placing
Cazenove & Co.

Swedish Adviser
Winston Håkanson & Co. Fondkommission AB

November 1983

Pegler-Hattersley plc

Interim Report

Half year to 1 October 1983	Half year to 1.10.83 unaudited £'000	25.9.82 unaudited £'000	Year to 2.4.83 £'000
Sales	78,830	70,207	149,155
Trading profit	4,211	3,682	10,533
Share of associated company profits	2,839	2,546	5,209
Interest received less paid	820	1,059	2,020
Profit before tax	7,870	7,287	17,762
Profit after tax	4,151	4,105	10,248
Earnings per share	13.6p	13.4p	33.6p
Ordinary dividend per share	5.0p	4.0p	11.85p

* Pre-tax profit increased by 8%.
* The improvement in trading profit came mainly from our UK manufacturing operations.
* Most sectors of the market for building products were strongly competitive but sales were higher and in the Valve division demand from the Heating and Construction sectors increased.
* We do not as yet see any evidence of the general or sustained increase in demand or improvement in margins which are required to support real growth.

Sir Peter Matthews, Chairman

Copies of the full interim report are available from the Secretary, Pegler-Hattersley plc, St. Catherines Avenue, Doncaster DN4 8DF.

BUILDING PRODUCTS · VALVES · INDUSTRIAL COMPONENTS

ANGLOVAAL GROUP

DECLARATION OF ORDINARY DIVIDENDS

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 6 January 1984. The dividends have been declared in the currency of the Republic of South Africa and payments from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 16 January 1984 or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 10 February 1984. The transfer books and registers of members of the companies in Johannesburg and London will be closed from 7 January 1984 to 13 January 1984, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

NAME OF COMPANY	Dividend declared No.	Cents per share
INTERIM DIVIDENDS—YEAR ENDING 30 JUNE 1984		
Middle Witwatersrand (Western Areas) Limited	63	40
Zandpan Gold Mining Company Limited	23	50

By order of the boards
Anglovaal Limited
Secretaries
per: E. G. D. Gordon

Registered Office: Anglovaal House, 56 Main Street, 2001 Johannesburg
London Secretaries: Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST

8 December 1983

PAN HOLDING
SOCIETE ANONYME
LUXEMBOURG

The Board of Directors of Pan-Holding S.A. met on December 5, 1983 at the registered office in Luxembourg and decided to propose to the Annual Shareholders' Meeting, which will take place on May 30, 1984, the nomination of two directors: Mr W. Geoffrey Haslam, DFC, Deputy Chairman, Prudential Corporation PLC, and Mr Derek R. Strauss, Joint Senior Partner, Strauss, Turnbull and Co.

As of November 30, 1983, the unconsolidated net asset value was US$161,633,396.54, i.e. US$230.90 per share of US$50.00 par value.

The consolidated net asset value per share amounted as of November 30, 1983 to US$234.58.

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK
(Kongeriget Danmarks Hypotekbank og Finansforvaltning)

US$80,000,000
Guaranteed Floating Rate Notes due 1990, Series 84
Unconditionally guaranteed by
The Kingdom of Denmark

Notice is hereby given that the Rate of Interest for the initial period has been fixed at 10[illegible]% and that the interest payable on the relevant Interest Payment Date 11th June 1984 against Coupon No 2 in respect of US$10,000 nominal of the Notes will be US$[illegible].

December 9, 1983, London
By: Citibank, N.A., (CSSI Dept), Agent Bank CITIBANK

MAXIM'S and CHAIRMAN MAO

At the time the Media was mauling both the possibilities of a bull market and the metamorphosis of CHRYSLER our analysts were urging readers to defy the Press, repeating our theme that the "DJI WILL TOUCH 1,000 BEFORE HITTING 750". Recommending CHRYSLER, FORD, G.M. and SEARS at what proved to be near, post 1981 lows. On August 9th 1982, BARRON'S mused... "The market seems to be saying its seen the future and it doesn't work". We challenged their pessimism, having commented the previous week, that a herculean bull market was spawning. To say that the Press will prove equally myopic in evaluating the "illusory oil glut", is understatement. Virtually every economic projection made by the Press boomerangs. The Press also has propensity to ignore what ultimately evolves as historic events. When OPEC was born in Baghdad in 1960, the press of the West was blind; The N.Y. TIMES published a brief news item on their back page. One expert estimates that less than ¼ of 1% of the world's free Press reported the event. For decades the Press recoiled at the thought of dallying with Red China; editorial writers surmised that if 900,000,000 Chinese simultaneously jumped off step ladders, a tidal wave would ensue, drowning North America. Now, Red China is considered "chic", an adulation for Maxim's in Peking has replaced the idolatry once reserved for Chairman Mao. All of which is a verbose way of spanking the Press for their naiveté in promoting the thesis that the "oil glut" is permanent. For months F.P.S. has advised stashing away the oils, predicting that another OPEC crisis is coalescing, a crisis to be orchestrated by the "Seven Sisters", the international oil Salomes.

The Press may disagree, which delights contrarians. While the Press was hyping APPLE COMPUTER at $56, we categorized the stock as a "Lemon", suggesting a short sale. Current price? $20. The oils will ignite, flaring beyond post 1981 highs. Among seniors, AMERADA HESS $28 may be ingested above $55 by a powerful and oily predator. In the emerging section NIGHTHAWK $11, listed in Vancouver, has the dynamics to emulate the success of NATOMAS, which, before its take over, catapulted from approximately $2 to $100, adjusted for splits. Our next report delineates the oils, continues to dissect bloated high tech stocks, primarily NATIONAL SEMICONDUCTOR which we debunked at $55 and focuses upon a $21 industrial with $20 a share in cash and no debt. For your complimentary copy, please write or phone:

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THE PROPERTY MARKET BY MICHAEL CASSELL

Christmas gives High Street rents a helping hand

CHRISTMAS hit the High Streets about a year ago and has resolutely failed to go away. With the real festive season back again, the impact on the retail property market of continuing, heavy consumer spending is now showing through where it counts—in rents.

High sales, increasingly financed by credit advances, will receive an added boost over the next few weeks and it is clear that they are working through to affect both landlords' expectations and the tenants' readiness to pay more for selling space.

The national picture remains patchy and it could yet be some time before the general pattern is sufficiently strong to alter average rent indices but the improvement in some specific locations is beyond doubt.

Shopping centres in many parts of the country report very high levels of trading as well as regular sightings of that once-rare life form, the retail tenant with a smile on his face.

And whether or not the consumer boom fizzles out with the last of the New Year champagne, institutional interest in prime retail property remains strong. Those seeking prime shop investments may well have to bid below today's yield levels (around 3.65 per cent) if they are to beat the field.

As for the retailers themselves, the recent batch of excellent trading results has been accompanied by some ambitious expansion plans which will themselves have a marked impact on the retail property market in 1984 and beyond.

With some agents forecasting retail rental growth running at twice the rate of inflation over the next two years, individual trading spots have already done a great deal better than that.

Kings Road

TAKE Kings Road, for example, once the street of a hundred smart boutiques but, more recently, looking as dog-eared as the punks who patrol its pavements on a Saturday afternoon.

Around 1979, along with Oxford Street, the Kings Road went into decline, dominated by down-market retailers selling cheaper clothing. Shoppers disappeared in search of more fashionable streets like South Molton Street and one of London's trendiest streets began to look like one of its tattiest.

Traders shut up shop, units stood empty and many more were available. Rents stood still. But within the past year the fortunes of Kings Road have undergone a dramatic transformation and a rekindling of tenant interest which has already taken Zone A shop rents from around £45 a sq ft to £65 a sq ft and over, placing them on a par with Regent Street.

According to Chris Phillips of Healey & Baker: "The tide has turned along the Kings Road and I expect rental growth to continue in the immediate future. The quality of covenants has improved substantially and, while there may be one or two shops vacant, they are all spoken for."

The turning point appears to have come about nine months ago, when some fashion retailers began to realise that Kings Road space looked relatively inexpensive.

Among the new wave of occupiers have come fashionable names like Benetton, Stefanel, Next and Succi and competition for shops has been tough. Healey & Baker says it reiceved 14 offers for 100 Kings Road, just let to Succi at £27,500 a year, and that it expects to achieve not less than £65,000 a year for 68-70 Kings Road, a unit offering 1,600 sq ft of retail space a few doors from Peter Jones.

With Kings Road apparently firmly back in favour, there are plans to develop additional retail space on land to the rear of existing shops opposite the Pheasantry restaurant. At present the site houses the inevitable NCP car park.

Grafton

CAR PARKING might represent one of the less glamorous elements in a shopping centre but much is being made of the 1,100 spaces available at Grosvenor Developments' Grafton Centre in Cambridge, a city where a parking place seems as hard to come by as a Degree.

Grafton—funded by Sun Life—opened a few weeks ago and the only units not yet taken up in the 300,000 sq ft centre await decisions from Grosvenor on appropriate tenant mix.

Situated well away from the city's traditional shopping area, development of the £27m centre represented something of a gamble, though Grosvenor was well aware of the need for extra retailing in Cambridge and the impossibility of providing it in the most obvious location.

But any fears about the prospects for the centre's success appear to be have been allayed from the outset of trading. With retail sales in Cambridge touching the very high figure of £55 a sq ft, the local population's spending power is beyond doubt and the continuous retail boom has made the picture still stronger.

Although Grafton will initially benefit from a powerful curiosity element, the early flow of shoppers has nevertheless heartened Grosvenor and tenants alike. Several traders like C & A report sales well up on expectations.

Starting rents at Grafton, an attractive and well-proportioned shopping complex which is providing complementary shopping facilities for the City, show a substantial discount on rentals for more centrally located properties. But Grosvenor reckons the gap will close quite rapidly. Letting agents were John D. Wood, Douglas January and Edward Erdman.

Waverley

A FEW hundred miles further north, in Edinburgh, the Waverley Market specialist shopping centre is taking shape on Princes Street. The city's prime shopping pitch has felt the consumer boom in a big way and letting boards along its one-mile length have halved in number over the last nine months.

Waverley will provide another 70,000 sq ft of shopping space when it opens next August and, though it has drawn criticism from those who doubt its south-side location and the need for more retailing, around one-third of 53 units involved have already been allocated at the asking rents (between £15 and £25 a sq ft for Zone A space) letting agents are Richard Ellis, Donaldsons and Gamleys.

The Market is being developed by the City of Edinburgh, with the Reed International pension funds putting up £14m of development finance. Charles Woodward of Reed acknowledges that the funds went in on a guaranteed initial yield of 6½ per cent but he sees parallels with London's Covent Garden and, therefore, no need for an anchor tenant—another source of outside criticism.

MFI

AS FOR the retailers themselves, some of the country's largest operators are putting their faith in the future with ambitious expansion plans. International Stores expects to spend no less than £250m on its outlets during the next five years, most of the expenditure involving site acquisition and development.

Another big name with big plans is MFI, the flat-pack furniture retailer which in October launched a controversial £28.6m rights issue to help fund its ambitious expansion plans.

MFI, which in the three years up to May 1983 spent the best part of £45m on building up its store network, envisages spending another £25m-£30m a year in the same way over the next couple of years, and possibly more in the two or three years beyond.

The plan is to take trading space up from around 3m sq ft to 4m sq ft by the end of May 1985 and to increase the number of stores from the present 120 to around 160 in the medium term. The programme envisages about half a dozen net new openings a year.

The furniture group, which allows 26 weeks to develop a store, says it is currently negotiating on about 40 sites, involving some relocation of existing outlets. It is looking for sites on prominent feeder roads within a mile or so of town centres and capable of providing around 40,000 sq ft of selling space and plenty of car parking. The London region—where it already has about 20 stores—is a prime target.

Yesterday saw the opening of the group's first major property development, a £9m office, retail and warehousing scheme on a six-acre site at Colindale in North London. MFI will itself occupy a 40,000 sq ft retail showroom and 30,000 sq ft of offices in the 180,000 sq ft complex, all but 25,000 sq ft of which has already been let.

● The Prudential is seeking tenants for 22 Hanover Square, the 90,000 sq ft office building formerly occupied by Courtaulds and refurbished at a cost of £9m. Jones Lang Wootton are asking £1.75m a year for the complete building or will let in floors—from 8,100 sq ft—at £23 a sq ft.

City freehold sale for First National

THE TWO City of London buildings vacated by First National Bank of Chicago in its move to Covent Garden have been sold for about £7.3m.

Numbers 1 and 2 Royal Exchange, a 13,000-sq-ft freehold office property, together with the adjoining 3 and 4 Royal Exchange—a similar-sized building held on a lease from Commercial Union at a rent of £250,000 a year—were sold by formal tender through Jones Lang Wootton to clients of Hampton and Sons. The purchaser is thought to be an owner-occupier.

● Freeholders of the former Bournes store in Oxford Street, Equitable Life Assurance and Scottish Amicable Life Assurance, have submitted redevelopment plans to Westminster City Council to provide 50,000 sq ft of ground floor and basement shopping, 139,000 sq ft of offices—in three self-contained blocks—38,000 sq ft of residential space and car parking for 219 vehicles. Richard Ellis are development managers.

● Estates & General, whose share price jumped this week, has let its banking hall-office building at Grey Street, Newcastle-upon-Tyne, to the Governor and Company of the Bank of Scotland on a 25-year lease at £32,000 a year. Lamb and Edge acted for E & G in letting the 6,500-sq-ft building.

● London Life Association has let 60,000 sq ft of its Churchbridge Industrial estate, Oldbury, West Midlands, to Aquaglass. Rent for a 25-year lease is £75,000 a year. Agents: Bulleys of Wolverhampton and Henry Butcher.

● Laybrook-Marath of Nuneaton has developed a 39,500 sq ft retail warehouse in Pershore Road, Stirchley, Birmingham, let it to W. H. Smith (Do It All) at £116,500 a year and sold it on for over £1.1m to Wesleyan and General Assurance Society. Anthony Lipton acted in the investment sale.

● Knight Frank & Rutley are understood to have negotiated a surrender of BP International's lease on Britannic House North, the 200,000 sq ft building vacated with BP's removal to Britannic House West, the Whitbread-Trafalgar House development. The lease had about 10 years to run and freeholders Baranquilla, part of Granada, are expected to refurbish the building. KFR has also let at £13 a sq ft all but the ground floor of 119-125 Finsbury Pavement, where BP International were tenants

● The Department of the Environment has given the go-ahead for plans by St Bartholomews Hospital and Wimpey Property Holdings to develop around 500,000 sq ft of residential and office space in the Little Britain area of the City of London.

UK COMPANY NEWS

Bass profits rise £38m to £175m

AN ALL-ROUND divisional improvement at Bass, the brewing and leisure group, pushed pre-tax profits for the year to September 30 1983 well ahead from £136.7m to £175m, with the second half contributing £112.5m against £93.6m.

In addition the directors say they are confident the company is in a strong position to take advantage of any further improvement in trading during the current 12 months.

Turnover for the year under review rose from £1.86bn to £1.99bn and, with costs and overheads less other income taking £1.79bn (£1.7bn), trading profits were up from £162m to £197.2m. These comprised leisure activities £32.4m (£25.9m) and brewing and drinks £164.8m (£136.1m).

The pre-tax figure was struck after interest of £22.2m (£25.3m) and was subject to tax of £61.7m (£41.9m), which left net profits at £113.3m (£94.8m).

Minorities amounted to £0.6m (£1.1m) and earnings per 25p share were 34.9p (29.1p) on an historic basis and 23.3p (17.7p) CCA. The net final dividend is 8.43p for a 11.36p (10.1p) total.

A breakdown of costs and overhead, less other income, shows: a credit for changes in stocks of finished goods and work £18.1m (£22.7m debit); own work capitalised £7.7m (£7.3m) credit; other operating income £16.1m (£12.8m); raw materials consumables and excise duty £1.06bn (£969.8m) debit; other external charges £342.2m (£301.2m); staff costs £377.8m (£378.5m); depreciation on tangible fixed assets £53.3m (£51.7m); government grants written-back £1.1m (same); provision made against fixed asset investments £1.1m (£0.7m) and income from such items £5.5m (£4.6m).

Included in costs and income less other income were: hire of plant and machinery £12.4m (£12.2m); auditors' remuneration £1.1m (same); provision for employees' share ownership scheme £6.2m (£4.2m) and a surplus on disposal of fixed assets and subsidiaries, where the brewing and drinks side contributed £15.4m (£11m) and there was a £0.7m deficit (£0.5m surplus) from leisure activities.

On the results, the directors say the trading year was not an easy one for the brewing industry and volumes were under pressure.

However, the company enjoyed growth in volume sales of beer against the trend of the industry, resulting in an increase in market share.

All other products and services provided by Bass showed volume growth, but severe competition in some sectors put margins under pressure.

The increase in sales, coupled with savings, combined to give a good operating result, they add.

Mr Derek Palmar, chairman, said yesterday Bass's share of the UK beer market now stood at just over 20 per cent, making it easily the largest brewer in the country.

The newly-acquired Augustus Barnett business was also progressing, he added.

Part of the reason for the increase in profits was the group's ability to control costs he stated reflected in a fall of 1,300 to 71,207 in the workforce. Cuts of this size were unlikely in the coming year, however.

On pricing, he indicated that Bass would seek to maintain increases that were in line with inflation.

He said that last year capital expenditure totalled £187m, with £60m going on new and updated pubs. Some £224m had been earmarked for this year.

He said Bass was considering possible acquisitions which would take it overseas. The intention was to increase income from leisure activities from 16.4 per cent at present to around 25 per cent over the next five years.

See Lex

Sidlaw tops £6m: pays extra 4p dividend

IN LINE with predictions of second-half profits before tax of the Sidlaw Group exceeded those of the opening six months and enabled the company to push its figures for the full year to September 30 up by £1.8m to £6.03m.

Earnings improved from 38.41p to 46.09p per 50p share and an increased final dividend of 11p (9.8p) lifts the total by 4p to 16p net.

Turnover for the 12 months totalled £43.07m, compared with £36.22m—the group supplies services to the North Sea oil and gas industries and also has interests in the spinning of jute.

● comment

A decade of cultivating a niche in the oil services sector is now returning a handsome reward to Sidlaw shareholders. The company provides a variety of maintenance and transport services to North Sea oil rigs—a business which has largely missed the cut-throat competition of some parts of the service sector caused by the worldwide fall-off in exploration activity. So far so good, but Sidlaw recognises that total dependence on the North Sea could leave it vulnerable and there are hopes to set up shop in the Far East. With borrowings down to minimal levels, financially at least, Sidlaw is poised to make a move even if talks with the Chinese have yet to yield a deal. While oil steals the limelight, the traditional textile business has produced surprisingly good results. The subsidiary's jute products are closely tied to the carpets sector and demand has been strong from the Continent. The hotels associate is more or less unchanged but that is up for sale and anyway makes little difference to the quality of earnings as Sidlaw only receives a minimal dividend stream. The shares trade in a thin market and the best of the rise is probably over. Nevertheless the p/e is still under 10.

Fourth-quarter rise cuts BOC's profit shortfall to £8.8m

FOURTH quarter pre-tax profits of BOC Group improved from £27.7m to £31m, leaving the result for the year to September 30, 1983 lower by £8.8m at £95.8m.

Net yearly earnings per 25p share, after ACT written off, were 14.5p (19.5p) undiluted and 13.48p (17.78p) fully diluted, while the dividend total is being lifted from 5.74p to 8.3p with a final payment of 3.57p net and a dividend/scrip option is proposed.

The directors report that results are in line with expectations, with demand in the second six months continuing to show an improvement reflecting a revival in the U.S. economy.

In spite of difficult trading conditions in the year, the group's gases activities increased their profits. The health care business also performed strongly and was further helped by an initial contribution from acquisitions.

Group turnover pushed ahead from £1.53bn to £1.7bn and operating profits were higher at £152.6m (£143.2m).

The £10.5m loss in the carbon and carbide business was after exceptional costs of £8.4m on start up of two new plants in South Carolina and Texas, in the U.S., and the rationalisation of production with the new facilities. The deficit of the welding business included £3m of costs associated with rationalisation of production facilities in the U.S.

The group pre-tax result was struck after depreciation of £147.4m (£122.6m) and interest of £57.4m (£58.2m). It included a £13m (£9.7m) share of associates' profits and realised stockholding gains of £0.8m (£17.8m). The trading surplus was £153.2m (£160.8m).

Tax took £23.8m (£27.6m), leaving a net profit of £72m (£75m), while there were minorities of £17.2m (£10.5m) and extraordinary debits of £12.8m (£5.1m credits).

The proposal to sell the group's interest in Mountain Medical Equipment was not completed by the year-end.

Given the intention to sell this business, its contributing during the year to profit has been included under discontinued businesses and the cost of the investment included as a related company investment in the balance sheet.

The reduction in stockholding gains, included in the historic cost pre-tax profit, reflects a considerably greater degree of stability in raw material and other input costs, resulting from lower levels of inflation and falling oil prices, say the directors.

Mr Richard Giordano, chief executive, said yesterday that over the past year group capital expenditure totalled some £300m, before taking account of £100m of spending on acquisitions.

Overall capital expenditure was expected to come down sharply this year but an increase in spending in the UK was on the cards.

Around £60m had been earmarked for new investment projects compared with some £45m over the period just completed and around £20m the year before that.

Mr Giordano dismissed any plans for a cash call on shareholders. Internally generated funds would cover what the board wanted to do through the next year, he stated.

After the heavy exceptional costs carried by the carbon and carbide business the hope was to move the division into profit this year.

The welding business was continuing to show losses but some improvement was being looked for on the past year's figures, he said.

Over the second half of last year the business did see a "modest" improvement in turnover, he pointed out.

See Lex

First half advance of £9.4m by GUS

ON THE back of a £9.42m profit improvement in the six months to September 30, 1983, Great Universal Stores is lifting its net interim dividend from 5p to 5.5p. Last year's total payment was 14p from profits of £201.38m.

For the opening period the taxable result improved from £82.81m to £92.23m on external turnover of £1.04bn (£927.25m) which included VAT of £94.43m (£86.55m).

It was after increased depreciation of £29.02m (£20.97m) and subject to tax of £40.63m (£36.03m) following which the net outcome showed an advance from £46.78m to £51.6m and earnings per 25p share from 18.67p to 20.59p.

With minorities at £45,000 (£17,000) and preference dividends costing £35,000, the balance available to ordinary holders expanded from £46.73m to £51.52m.

As regards hire purchase and other instalment debts, provisions for deferred profit, finance charges and collection costs totalled £170.19m at September 30. This compares with £168.03m as at March 31.

Results of overseas subsidiaries for the comparable first halves have been translated into sterling at exchange rates ruling at the end of the periods.

See Lex

N. Brown

On turnover of £17.93m against £15.16m, pre-tax profits of N. Brown Investments, the Manchester-based direct mail order company, improved from £1.01m to £1.2m for the 27 weeks to September 3 1983 compared with the 26 weeks of the corresponding period.

Tax took £535,000 (£393,000) for earnings of 5.22p (4.9p) per 20p share and the interim dividend is being stepped up from 2p to 2.5p. Last year's total payment was 6p on profits of £3m (£3.07m).

There was an extraordinary credit this time of £793,000 (£62,000 debit) in respect of differences in the market value of investments.

Mr D. Alliance, chairman, says the marginal profitability on the "top-slice" of sales tends to be very high and the reason for the increase in profits is attributable to two factors. The first is the continuing investment in new customer recruitment and the second is that many of the overhead expenses have continued to rise at rates higher than the very modest selling price increases.

Stenhouse falls £0.5m but lifts payout 1.1p

WITH A lower contribution coming from its associate, Reed Stenhouse, insurance broker Stenhouse Holdings returned attributable profits of £8.36m for the year to end-September, a shortfall of £502,000 on the reported figures for 1981-82.

Stenhouse Holdings is the subject of a contested bid from Reed Stenhouse.

The full-year result comprised Stenhouse syndicates (Lloyd's underwriting agencies) £1.3m (£0.84m), Reed Stenhouse Companies (insurance broking) £7.26m (£8.08m) and Noble Grossart (merchanting banking) £0.29m (£0.27m) less holding company net expenses £0.15m (£0.11m) and goodwill amortisation £0.37m (£0.21m).

After tax of £4.41m, against £4.82m previously, profits were only marginally lower at £3.96m, compared with £4.05m.

The directors have decided that it would be appropriate to pay dividends more closely reflecting the income received from the investment in Reed Stenhouse and accordingly, they have declared a second interim of 4.6p, which raises the total by 1.1p to 6.6p net per 25p share.

Earnings emerged little changed at 10.42p (10.66p).

Through a private placing in April this year Reed Stenhouse issued 1.1m shares to Canadian institutional investors which reduced Stenhouse Holdings' equity ownership of Reed Stenhouse from 52.4 per cent to 49 per cent. Reed Stenhouse ceased to be a subsidiary and is now accounted for as an associate.

Stenhouse Holdings' share of Reed Stenhouse profit was calculated using the average percentage ownership for the year—50.99 per cent (52.53 per cent). In previous years, when the movement was less than 1 per cent, the year-end percentage was used for this purpose.

Reed Stenhouse results were again affected by adverse external factors. Commercial insurance premium rates and short-term interest rates fell noticeably and there was a general slowing down of national economies, especially in the energy field in North America in which the group is heavily involved.

Despite the difficult trading conditions, the maturing U.S. operations cut their operating loss by half and UK profits increased substantially.

Stenhouse syndicates had an excellent year with profits 57 per cent up at £1,622,000. This improvement was due to good overall syndicate profits in respect of the Lloyd's 1980 year of account, including exceptional capital appreciation on the funds under management.

Agency results depend on the success of the underlying syndicates and it should not be expected that these profits will be repeated, at least in the immediate future.

Stenhouse Holdings dividend payments for the year will cost £2.51m (£2.09m) following which the transfer to reserves totals £1.45m (£1.96m).

Profits before tax and goodwill amortisation of the Reed Stenhouse companies over the period totalled £14.28m, compared with £15.38m.

Reed Stenhouse's tax charge was reduced by expected future tax savings in respect of trading losses incurred by a subsidiary. In this regard, Canadian accounting principles differ from UK accounting standard SSAP 15, which does not permit potential tax savings to be carried forward.

The cumulative effect of this and similar adjustments made in previous years is now significant, but the directors have decided not to adjust the Reed Stenhouse Companies' figures.

If accounting treatment in accordance with SSAP 15 had been adopted, the taxation charge for the year would have been increased by £320 (£315,000) and earnings per share would have become 9.58p (9.83p).

Lombard North Central expands 14% to £61.3m

DESPITE AN increased charge for bad and doubtful debts, pre-tax profits of Lombard North Central, instalment credit and [illegible] "impressive results" are attributable to substantially increased levels of business and lower money costs.

After a tax credit, down from £95.5m to £57.1m, minorities, £2.1m (£1.4m) and preference dividends, £0.1m (same) earnings attributable came through at £116.2m, against £148.1m.

There was a transfer of £84.1m (£121.7m) to special reserve and after ordinary dividends of £16m (£13m), there remained £16.1m (£13.4m) to be transferred to the general reserve.

Earnings per share were 93.9p at the year end, compared with 119.7p.

Excluding that attributable to the business of banking, turnover for the 12 months—the amounts financed under all forms of financial agreements entered into and other sales—advanced from £1.44bn to £1.66bn.

Sir Hugh says that total advances, including leasing assets, to industry and consumers, amount to over £3.3bn, an increase of 22 per cent over last year.

However, there has been a high level of bad debts and arrears, the chairman says, as customers continue to experience cash flow problems. "We continually seek ways of improving the quality of our underwriting and we believe that the steps taken will prove to be successful." [illegible] is satisfied, he states, that adequate provision has been made for anticipated losses.

Most sectors of the group in the UK contributed to the improved results. Of particular note, the chairman says, was the substantial growth in the new new business and profitability of Lombard Tricity, which specialises in consumer credit, and of Lex Vehicle Leasing, the car contract hire company, jointly owned with Lex Service.

Overseas, Lombard's finance subsidiaries in Australia and New Zealand improved their profitability by 10 per cent and 38 per cent respectively, and the Cyprus company is now making a useful contribution to group profits, Sir Hugh points out.

The chairman adds that careful control of overheads by improving efficiency and productivity continued, and in following this policy, emphasis was placed on maintaining a high level of customer service.

As at September 30 last shareholders' funds totalled £667.9m.

On a current cost basis the pre-tax figure is reduced to £23.2m (£15.2m restated) and earnings per share were 63.5p (92.6p).

Alexander Russell ahead and further rise seen

INTERIM PROFITS at Alexander Russell rose from £1.11m to £1.28m, and the directors are confident of further increases over the next 18 months.

Subject to a reasonably open winter, they expect results in the second half to March 31, 1984 to be ahead of those achieved in the corresponding period and, looking further ahead, they say that results next year should be boosted by a full year's contribution from the Minto coal plant along with new projects scheduled to commence in the early part of 1984.

The new projects will encompass a new coal recovery plant in Scotland, a start-up of its Avonglen sand and gravel quarry in East Scotland, and the installation of a concrete block plant at Hyndford quarry, near Lanark.

Commenting on the first half, which saw turnover expand from £11.86m to £13.03m, the directors say they are disappointed that the American coal activities have not progressed as quickly as planned. But, they say, prospects for next year look much better.

Allowing for the one-for-one scrip issue in July, the interim dividend is raised from 0.325p to 0.39p — last year's final was an equivalent 0.6p. Earnings per share are shown as 4.5p (4.2p) after tax of £396,000 (£151,000). Minorities were £35,000 (£45,000).

Alpine Soft Drinks cuts interim 50%

FOR THE 28 weeks ended September 24 the Alpine Soft Drinks group remained in the [illegible] of the previous year.

The interim dividend is being cut from 1.206p to 0.6p net per 10p share and with a full year loss predicted the directors anticipate a final of 1.2p (1.206p) would be appropriate.

They say the unsatisfactory position was again due mainly to falling sales volumes but point out that in the latter part of the period sales volumes in some areas compared favourably with the same weeks last year.

A rationalisation programme has been put into effect and the production operations at both Walthamstow (London) and Rutherglen (Glasgow) were closed down during the 26 weeks.

The programme has not significantly affected the results over this period but savings are now being made as a result of this action.

The directors say sales volumes in the remaining areas of operation are beginning to show the right trends—regional pricing policies are being constantly reviewed.

Although this policy is "proving to be successful in some areas of the country," profit margins for the remainder of this financial year will continue to be "under pressure."

Group turnover for the first 26 weeks fell by £365,000 to £9.12m. There was no tax charge (£325,000) and the loss per share emerged at 1.97p, against previous earnings of 3.17p.

The interim report reveals that agreement has been reached with Unigate Dairies for the transfer of the assets in the South East region, which includes leasehold properties, bottling plants and machinery, commercial vehicles and door to door customer records.

The sale price of £550,000 equates approximately to the book value of the assets being disposed.

The directors say this sale reduces surplus bottling capacity and will enable senior sales management to concentrate their efforts in the other areas of the country where the group is longer established.

The net proceeds of sale will be used to increase the working capital of Alpine.

Saatchi & Saatchi doubles profits to £11m

DOUBLED pre-tax profits of £11.21m against £5.52m were achieved by Saatchi & Saatchi Co, advertising agent, in the year to the end of September 1983.

[illegible] international advertisers towards greater co-ordination in international marketing activities.

Advertising industry prospects generally continue to look buoyant, they say, with advertising expenditure forecast to outstrip inflation in the major advertising markets.

Turnover for the 12 months was more than doubled at £603.24m, compared with £258.25m, and the directors say that the rate of growth in advertising spending in the UK and the U.S. was treble the inflation rate. The board anticipates 1984 to be well up to expectations.

Shareholders will receive an effectively higher final dividend of 5.58p (3.47p), raising the total from an adjusted 5.8p to 8.4p.

During the year the company experienced strong growth, [illegible] and British Petroleum (throughout the world), and Procter and Gamble in 10 countries.

Agencies in the UK again had an excellent year. In Scotland, Halls continued as leading agency winning several important accounts. While, in London, Dowton won the £2m cinema industry promotion account, and Saatchi and Saatchi Garland-Compton made several major new business gains.

Saatchi announced yesterday that it had been awarded a major contract from Racal Electronics for the launch of its cellular radio telecommunications system.

One quarter's contribution from McCaffrey and McCall has been included in the results. The year also saw the first full year contribution from Compton Agencies. Operating margins in these agencies improved significantly. The company's operating margin has improved from a pro-forma level of 1.6 per cent to 1.86 per cent.

Tax for the year absorbed £4.92m (£2.78m) leaving a net balance of £6.29m against £2.74m. Earnings per 10p share are shown as 25p compared with an adjusted 17.86p, pre-extraordinary items, and 24.53p (17.16p) after debits of £42,000 (£106,000). Minorities were £246,000 (£47,000).

The directors say that the public offering of shares in the U.S. is now in its final stages.

● comment

A large chunk of Saatchi & Saatchi's impressive profits growth has been from acquisitions but it has still managed to achieve a respectable 35 per cent increase through organic growth. Its strategy — of buying up autonomous agencies, keeping them at arms length, but imposing more efficient and tighter [illegible] yet. McCaffrey and McCall, the U.S. agency where the operating margin has risen from 1.6 per cent to 1.86 per cent could go to 2 per cent next year; the average U.S. margin in the UK are nearer 3 per cent with the result that it accounted for a third of the turnover but around 50 per cent of the profits. With £28m net cash, further acquisitions seem likely, — almost certainly in the U.S. to spread out from New York, and further East to perhaps Japan and Australia. Saatchi's interest in the dilution on its cash mountain is minimal at present, being invested in a Guernsey roll up fund. At 545p up 5p the shares sell on a P/E of over 21.

Lennons £600,000 into black at interim stage

MUCH better results from the food division and lower losses from wines and spirits has taken Lennons Group, £600,000 into the black for the 26 weeks ended October 1 1983. The directors say that although this performance does not equal previous achievements, it is a considerable improvement on last year's £135,000 midway loss.

They add that internal accounts currently indicate that progress is continuing and a satisfactory outcome for the second half is anticipated.

For the whole of last year profits amounted to £542,000, down from £1.48m in 1981-82.

Turnover for the 26 weeks slipped from £45.27m to £44.79m.

The food sector lifted profits from £172,000 to £759,000, while the wines and spirits side cut its losses to £159,000, compared with £307,000.

Earnings per 10p share were 1.43p (0.46p losses) and the interim dividend is stepped up 20 per cent from 0.25p to 0.3p net. The directors say the level of final distribution will depend on results for the full period and the prospects for the next year—last year's final was 0.6p.

Lennons new supermarket in Garston, Liverpool, opened on the first day of the current year, is continuing to trade satisfactorily, and the company has acquired a new site on the north side of that city on which it is intended to construct a similar development.

The directors have continued their rationalisation in the wines and spirits division and closed further unprofitable stores, transferring the licences into adjacent supermarkets where practicable. Additional measures are being taken to eradicate completely the losses being incurred by this sector, they add.

After tax, £44,000 (£42,000) and an extraordinary credit of £10,000 (£85,000), profits attributable emerged at £566,000 (£92,000 loss).

Associated Farmers

The offer for subscription for shares in Associated Farmers, a new company established to take advantage of the Business Expansion Scheme for farming investment, attracted £2.03m. The minimum subscription required was £1m. Brokers to the issue were Margetts and Addenbrooke.

British Tar on the road to recovery with £0.73m

SHARPLY IMPROVED results are reported by British Tar Products, the bulk storage, chemical manufacturing and merchanting group, for the six months to end-September 1983.

At the pre-tax level profits rose from a depressed £243,000 to £730,000 and with basic earnings up by 1.01p to 2.32p and diluted figures 0.83p ahead at 2.17p per 10p share and net interim dividend is being increased from 0.525p to 0.8p.

The directors say the results show that the recovery which began in the second half of the previous year has been sustained. They are optimistic that further progress will be achieved over the remaining six months and expect to recommend a final dividend of not less than 2p (1.575p).

Group turnover totalled £14.91m, against £13.01m.

Tax charge rose by £184,000 to £266,000.

● comment

Whilst the traditional bulk storage business of British Tar Products continues to provide a steady contribution to profits, the more exciting growth prospects are to be found in the chemical manufacturing division where BTP Cocker, Nipa Laboratories and Hodgson Chemicals dovetail nicely. They cover a research, manufacturing and marketing capability for cosmetic, pharmaceutical and industrial products, both preservatives and active ingredients from sunscreens to a disinfectant which kills off the Legionnaires Disease bug. Its successful move into the U.S. is likely to be followed by an acquisition to allow a manufacturing capability. At present Nipa and Hodgson export 75 to 80 per cent of their products. Nipa has just won a licence for a hospital disinfectant in the U.S. With second half profits expected to be better than the first, BTP should easily make £1.5m pre-tax. The shares up 4p at 63p give a prospective yield of 6.4 per cent.

Vectis Stone jumps to a record £902,000

BOOSTED BY a strong performance on the building and civil engineering side of its business, pre-tax profits of Vectis Stone Group climbed from £326,000 to a record £902,000 for the year to September 30 1983, with the second half giving £667,000 against £384,000.

A second interim dividend of 1.4p has been declared for the year, bringing the total to 2p (1.5p) net, and the directors say a final payment covering the 15 months to December 31 1983 will be proposed at the Annual Meeting next May.

They say the quarter to December 31 is traditionally the least profitable for the group. It includes a flat period for toiletries and an out-of-season loss from leisure activities, while the construction industry is subject to weather fluctuations and a closedown for the Christmas to New Year holidays.

Results for these three months will not give a proper indication of prospects, they warn, adding that, although a long-term improvement in activity cannot be identified, it is anticipated the increased level of profitability will be maintained into 1984.

Sales for the 12 months under review advanced from £3.05m to £3.32m and trading profits finished £275,000 higher at £945,000. These comprised materials and services for building and civil engineering £642,000 (£304,000), fuel distribution £201,000 (£194,000), toiletries a £48,000 loss (£35,000 profit), hotel and catering a £133,000 (£94,000) profit and vehicle distribution £17,000 (£43,000).

Pre-tax profits were after holding company net expenditure of £43,000 (£94,000) and interest paid of £24,000 (£76,000). It included interest received of £30,000 and was subject to tax of £406,000 (£262,000).

There was an extraordinary debit this time of £28,000 in respect of compensation for loss of office payments and reorganisation expenses.

Earnings per 10p share for the year amounted to 5.57p (2.28p) pre-extraordinary charges and 5.38p after such items.

Redpath Industries

In the year to September 30 1983, Redpath Industries, the major Canadian subsidiary of Tate & Lyle, earned net income of C$14.8m or $3.19 per share fully diluted, against a loss of $0.4m or $0.88 per share previously.

The results were before an extraordinary charge of $8.8m (nil), but were after taking account of the company's share of net operating losses of the Zymaize joint venture of $8.1m ($8.5m).

The directors say the return to satisfactory levels of profitability reflects a substantial turnround in the construction materials division and improved trading and refining profits in the sugar business. Revenue rose from $893m to $895m.

At September 30 1983, the company's interest in Zymaize was written down to its net realisable value under the proposed sale to its partners in the joint venture. The resulting extraordinary charge, net of tax recoveries of $10.4m, reduced net income for the year to $5.9m or $1.08 per share.

Queens Moat

Queens Moat Houses has published details of its £15m debenture issue. The stock, due 2013, will carry a coupon of 12 per cent on an issue price of £99.44. Institutional shareholders are being offered the issue at a gross redemption yield of 12.073 per cent, a margin of 1.7 per cent above Treasury 13½ per cent 2004/2008.

Wellman losses rise and interim passed

INADEQUATE ORDER input at Wellman, the thermal and mechanical engineer, designer and manufacturer, has been the major factor behind an increase in pre-tax losses from £1.21m to £1.81m for the half year to September 30 1983.

Uncertainty about profitability in the second half has caused the board to omit the interim dividend again (last year only a final of 0.1p was paid) and to postpone payment of the preference dividend, until the group sees trading profits climbing towards a reasonable level.

There has, however, been some improvement in the trading position. Taken together with the elimination of the last main residual problem of a strike in the U.S. and low pricing to retain customers, this could, the board says, result in at best, a small pre-tax profit in the second half and, at worst, a very much reduced trading loss for the group.

For the year ended March 31 1983, Wellman incurred a pre-tax loss of £3.04m, against a £1.08m profit previously. Turnover was down from £45.68m to £40.38m.

For the six months under review sales improved from £17.19m to £17.66m. After charging net extraordinary items of £428,000 this time, operating losses were up from £934,000 to £1.27m. Interest payments were higher at £541,000 (£273,000), but there was no tax (£218,000 charge), leaving the net deficit at £1.61m, against £1.43m.

Losses per 25p share increased from 10.54p to 12.27p.

The board reports that the main problem facing the company is that of cumulatively inadequate order input in virtually all activities; counteracted only in part by reducing break-even points in operating units and by improving performance to the maximum extent possible. Nevertheless there have been some improvements recently in order input, albeit patchy, in a number of operations.

In the UK, the first half of the year produced a loss. This was caused by inadequate order input and was exacerbated by expenses incurred by rationalisation measures and by start-up costs of several new activities which the company is developing.

Reasonable profitability will return when order intake improves from the very depressed levels of the last 12 months. But the board says there is no doubt that the trading situation has improved in the second half and indications are that the improvement will continue into the next year.

The American unit managed to improve considerably the previous inadequate margins in a heater business without losing volume. The position of its furnace business was greatly improved by the recent receipt of a relatively large order for a gasifier installation (about $8m) and further, smaller, furnace orders are in prospect.

After a traumatic 18 months in the U.S. triggered by the strike last year, the company expects to be around break-even or slightly better in the second half of the year, with prospects for further improvement the following year.

The South African subsidiary made losses in the first half, but has since received a letter of intent for a coal gasification plant, worth £1m, for delivery next year. The Australian furnace company is making a small profit despite the depressed Australian economy.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Soft Drinks ...int.	0.6	Jan. 28	1.21	1.8	2.41
Bass	8.43	Feb. 6	7.44	11.36	10.1
BOC	3.57‡	April 4	3.14	6.3	5.74
British & Amert. ...int.	1.38	Jan. 5	1.25	—	3.75
British Tar ...int.	0.8	Feb. 10	0.75	—	1.75
N. Brown ...int.	2.5	Feb. 10	2	—	6
Fredk. Cooper ...int.	1.15	—	1	—	2.4
Edbro ...int.	2	—	1.65	—	1.55
Fairline Boats	1	Feb. 7	0.5	1.75	1
GUS ...int.	5.5	—	5	—	14
Inn Leisure ...int.	0.42†	—	—	—	0.42
Keystone Inv.	4	Feb. 2	8	10	10
Lennons ...int.	0.3	Jan. 26	0.25	—	0.85
London & Midland ...int.	3.5††	Feb. 17	2.9	—	7.75
Metamec Jentique ...int.	0.01††	Dec. 30	nil	0.01	0.5
Romal Tea ...int.	27.5	—	22.5	27.5	22.5
Alexdr. Russell ...int.	0.39	—	0.33*	—	0.93*
Saatchi & Saatchi ...int.	5.58	—	3.47*	8.4	5.8*
Sidlaw	11	Feb. 13	9.5	16	12
Mitchell Somers ...int.	1.5	Feb. 1	1.5	—	3.25
Speyhawk	5.7	—	5	7.7	7
Stenhouse Hldgs.	1.6	—	3.5	6.6	5.5
Vectis Stone ...2nd int.	1.4**	—	1.2	2	1.5
Wellman ...int.	nil	—	nil	—	0.1
Williamson Tea	15	—	12.5	15	12.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‡ Dividend/Scrip option proposed. ** Final for 15 months to December 31, 1983, will be proposed in May. †† To reduce disparity. ‡‡ In order to maintain trustee status.

UK COMPANY NEWS

LMI acquisitions ensure profit advance continues

AN INCREASE of £904,000 to £2.21m in pre-tax profits is reported by London & Midland Industrials for the half-year to September 30, 1983, and the directors are looking to the future with increasing confidence.

The interim dividend is increased from 2.9p to 3.5p, and the directors say this is to reduce disparity. A total payment equal to last year's 7.75p net is anticipated. At the last year-end, pre-tax profits totalled £2.93m.

Sales of this holding company with interests in engineering and industrial services and consumer products, jumped from £18.64m to £35.27m. The pre-tax figure was after considerably higher interest charges of £535,000, compared with £58,000.

Tax was more than doubled at £968,000 (£431,000), and there was an extraordinary debit of £91,000 (£296,000). Ordinary shareholders' attributable profits were up from £519,000 to £101m, and earnings per 25p share improved from 4.9p to 5.3p.

Nearly all companies in the group traded well during the first half, benefitting from the reorganisation in recent years, as well as the improving economic climate. Sales and profit figures include recent acquisitions. Last December it acquired seven companies—three which operate in the U.S., two in the UK, one in Australia and one in South Africa.

In April, the group expanded further with the purchase of Banbury Homes and Gardens from a subsidiary of London Brick for a consideration of £3m.

During its first six months with London & Midland, Banbury Homes stemmed its losses and that company is now trading profitably.

Other principal profit makers, Compton Buildings, Plow Products and the American subsidiaries, also continue to prosper. Petria & McNaught, which had been loss-making during the past two years, swung back into profit during the half-year.

● **comment**

Much of LMI's 69 per cent pre-tax profits increase comes from the JFB acquisition, but there is evidence of underlying growth which the arket recognised by sendin gthe shares up 11p to 128p. It looks as if Petrie and McNaught swung from an £80,000 loss into a £70,000 profit, while the U.S. activities advanced in line with the general economic improvement there. Volumes at Brown Products in particular surged ahead as packaging demand in the U.S. furniture industry was stimulated by the upturn in housing starts. Group margins, however, slipped slightly to 6.3 per cent of turnover because of financing costs and charges against 120 redundancies at Banbury Homes and Gardens. Since its acquisition in August, the subsidiary—which was losing £250,000 annually—has refined its order books and swung into the black, although it will not make a significant profits contribution until next year. Nevertheless, LMI's full year profits look set to rise from £2.9m to £4.7m pre-tax, which leaves the shares on a multipla of nearly 9, assuming a 42 per cent tax charge.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:— John Booth (Bolton), Graham Miller, Longton Industrial, Marling Industries, Triefus, Jonas Woodhead.

Finals:— Carr's Milling Industries, Lake and Elliot, Reliant Motor. Elliot, Reliant Motor.

FUTURE DATES

Interims:—

Alnichi Tin	Dec 14
Continuous Stationery	Dec 15
Cooper Industries	Dec 15
Electronic Rentals	Jan 5
Fuller, Smith and Turner	Dec 13
Haslemere Estates	Dec 15
Harrisons Malaysian Plantns.	Dec 21
London and Assoc. Inv. Trust	Dec 14
Thorpac	Dec 14

Finals:—

Associated Newspapers	Jan 12
Jackson (J. and H. B.)	Dec 18
Nash Industries	Dec 13
Redfearn National Glass	Dec 14
Stainless Metalcraft	Dec 14
Stanelco	Dec 12
Tops Estates	Dec 15

Metamec Jentique second half losses pruned to £0.5m

DIFFICULT trading conditions were encountered by both clock and furniture manufacturing divisions of Metamec Jentique in the year to June 30 1983, and the company incurred heavier pre-tax losses of £977,300 compared with £738,700.

Second-half losses slowed, however, from £734,900 to £537,800.

In order to preserve its trustee status, the director are recommending a nominal dividend of 0.01p. No interim dividend was paid—last year's single payment was an interim of 0.5p.

The directors say imports have increased penetration into the markets of both divisions and have created pressure on gross margins.

Sales recovered during the second half to finish only 3 per cent lower at £9.34m compared with £9.6m.

At Metamec, the clock division, turnover was higher in the second six months than in the corresponding period last year, but the company had to implement short-time working and some disruption was caused by the introduction of a new slim quartz movement.

Jentique's trading continued to improve in the second half. Turnover for the year was in excess of that of the previous year, and some improvements were made in the manufacturing efficiency. But this still resulted in inadequate recovery of operating costs and unprofitable trading.

There was a group trading loss of £705,000 (£504,100) during the year, and interest charges were higher at £272,200 (£234,600).

Gable House on target

IN ITS first results since joining the USM in July, Gable House Properties reveals pre-tax profits, on target at £310,206 for the year ended June 30, 1983 against £60,009, and the directors are confident that the profit forecast of £500,000 for 1983-84 will be exceeded.

Turnover for 1982-83 more than doubled to £2.47m, compared with £1.21m.

The directors say they are continuing their proven policy of not becoming too heavily involved in any one area of the property market. The residential market is currently showing strong demand and this area is likely to provide the main growth in profits over the next two years.

Tax charge for the 12 months was £41,273, compared with a £1,250 credit, and after £160,000 dividends (nil), the amount retained was £108,933, against a previous £61,259. Earnings per share were 20.3p (6.1p).

On October 28 the company issued a further 1.3m new ordinary shares as the consideration for the purchase of Viatron House, Finchley, North London at a cost of £720,000.

The directors say that this property, on which the net rental income receivable is presently £98,500 per annum, will considerably strengthen the group's asset base.

BANK RETURN

	Wednesday December 7 1983	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	39,640,969	+ 5,259,081
Bankers Deposits	562,486,644	— 252,188,273
Reserve and other Accounts	1,660,019,852	— 14,970,569
	2,276,640,465	— 261,899,761
Assets		
Government Securities	375,965,857	— 21,565,000
Advances & other Accounts	940,588,595	+ 77,616,839
Premises Equipment & other Secs.	954,509,600	— 319,327,567
Notes	5,415,914	+ 1,359,396
Coin	170,196	+ 16,571
	2,276,640,465	— 261,899,761
ISSUE DEPARTMENT	£	£
Liabilities		
Notes Issued	11,630,000,000	+ 170,000,000
In Circulation	11,624,584,086	+ 168,640,604
In Banking Department	5,415,914	+ 1,359,396
Assets		
Government Debt	11,015,100	
Other Government Securities	4,121,580,286	— 827,695,963
Other Securities	7,497,404,614	+ 997,695,963
	11,630,000,000	+ 170,000,000

BIDS AND DEALS

Henara set to join SE via 95p per share offer

By William Dawkins

Henara, the holding company of Henna (Hair Health), yesterday announced long-awaited details of its flotation and an underwritten offer for sale of 2.6m ordinary 10p shares at a price of 95p each.

The group had abruptly postponed its stock market flotation last month after a former director alleged to the Stock Exchange that a constituent of Henna powder—a natural hair colourant—could cause lung infections.

Independent laboratory tests have since confirmed that Henna powder is harmless.

At the offer price, Henara is capitalised at £10.9m, against net tangible assets of £2m. The company is issuing 1.05m new shares to raise about £423,500 after expenses, while Mr Sydney Lerner, the chairman, is selling 1.55m shares, which will raise £1.47m gross. After the issue, 22.6 per cent of the enlarged equity will be in public hands.

The full listing is via a reverse takeover of quoted cosmetic company Dixor-Strand, which manufactures almost all of Henna's products. Henara has made an agreed offer of three of its own ordinary shares for every 19 of Dixor's 5p ordinary shares, which values Dixor at £1.24m or 15p per share.

Mr Lerner, who is also Dixor's chief executive, has given an irrevocable undertaking to accept the offer in respect of the 80 per cent of Dixor's equity which he owns.

The combined companies' pre-tax profits for the year to December 31 are forecast to be not less than £1.6m. On a pro-forma basis, the combined group would have made £1.35m on a turnover of £4.95m in the previous year.

Fully taxed earnings per share are forecast to be 7.3p, giving a prospective multiple of 13 at the issue price.

The issuing house is Kleinwort, Benson, and brokers to the issue are Henderson Crosthwaite. Applications must be received by Wednesday, December 14, and dealings are expected to open a week later.

● **comment**

The wrangle which delayed Henara's flotation and contributed to a profits hiccup two years ago seems to have been resolved. Operating in a fully developed and highly competitive market, it can do without distractions like that. Unable to achieve the economies of scale needed to meet the toiletry giants head-on, Henara is being valued on its ability to adopt an agile product strategy by virtue of its small size and specialist marketing skills. The evidence of that lies in the speed with which Dixor has been turned round and the fact that Boots takes 30 per cent of group production in competition against its own label brands. Margins running at 28 per cent of turnover still allow plenty of room for manoeuvre on prices, although the market is so tight that acquisitions are likely to be a more important source of growth. On that front, the issue gives Henara at least £1.4m — including current cash balances —to play with. On that basis, the shares could go to a premium of 15p to 20p above the offer price. At 95p, the forecast annual dividend of 2.8p net gives a yield of 4.2 per cent.

Mitchell Somers

A maintained interim dividend of 1.5p is being paid by Mitchell Somers despite a slump in interim taxable profits from £717,000 to just £9,000.

During the six months to October 1, 1983 trading conditions in the forging and heavy machining subsidiaries were poor, but some improvement is visible, says Mr L. J. Thomas, the chairman.

Elsewhere, he says, materials handling, die casting, tooling and bathroom fitment companies performed well and "will do better." However, Tritube, which supplies the oil industry, has been a problem and has been trimmed further.

Overall, the group experienced a decline in turnover from £16.33m to £13.32m and a fall in trading profits to £212,000 (£976,000). It was due to a lower interest charge of £203,000, compared with £259,000, that the company remained in the black at the taxable level.

There was no tax charge (£373,000) and an extraordinary credit of £249,000, being capital gains on sale of investment less redundancy costs, ensures that the dividend cost of £236,000 (same) will be covered.

Allianz confronts Eagle Star board on bid differences

BY JOHN MOORE, CITY CORRESPONDENT

REPRESENTATIVES of Allianz Versicherung, West Germany's largest insurer, yesterday met with Sir Denis Mountain, chairman of Eagle Star Holdings, the British insurer, and members of the board in an effort to thrash out differences between the two sides.

The meeting had been arranged at Allianz's request in an effort to gain the support of the Eagle Star board for a higher offer which Allianz intends to make for the group. Allianz has said that it will increase its offer from the present £900m to beat the £913m offered by BAT Industries, the tobacco group.

But after a two and a half hour meeting yesterday afternoon at Eagle Star's headquarters no conclusion had been reached. "The ball is now firmly back in their court," Eagle Star said last night. "We listened attentively to all they had to say." But maintained: "a price was not mention."

Morgan Grenfell, the merchant bank advising Allianz, said: "We had very full, frank and confidential discussions." It added: "Nobody knows where the ball is."

The Eagle Star team was led by Sir Denis Mountain and included executive deputy chairman Mr David Jessel and Mr John Danny and chief general manager Mr Tony Ratcliff. Sir Robert Clark, of Eagle Star's advisers Hill Samuel, also attended the meeting together with another representative of the merchant bank.

On the Allianz side was Dr Bierich and international director Herr Van der Burg plus two representatives of Morgan Grenfell.

Eagle Star is not expecting a further meeting to take place. The relationship between the two groups is tense.

On Tuesday this week Sir Denis wrote to Dr Wolfgang Schieren, chairman of the Allianz board of management, attacking the tactics employed by Allianz. He said that the latest moves by Allianz had "only exacerbated the existing uncertainty.

Sir Denis has warned Allianz that should it ever succeed in taking over Eagle Star the group would suffer "a loss of business and staff morale."

At the extraordinary general meeting of Eagle Star yesterday, shareholders approved the resolution to reorganise the company's share capital in the event of the offer for the company by BAT Industries becoming unconditional.

Around 50 shareholders attended the three minute meeting and only one voted against the resolution. Afterwards the shareholder said that he voted against the resolution because he was in favour of a bid from Allianz.

Eagle Star and BAT Industries have until December 30 to make their final offers for the group after agreeing the timetable with the Takeover Panel.

Dunlop consortium confident of listing

By Ray Maughan

THE consortium which is being formed to bid for Dunlop Holdings, the loss-making tyre and rubber products group, is confident that the new company which it is setting up to make the offer will obtain a listing through an introduction to the Stock Exchange.

After what have been described as "quite favourable" discussions with the Stock Exchange, the consortium believes that it has gained outline approval to introduce the new company to the market in this manner.

Mr Michael Richardson, of Sarasin International Securities, the Swiss banking group advising the consortium, has also had talks this week with Sir Maurice Hodgson, who is taking over as chairman of Dunlop. He described the meeting as "extremely pleasant" and said that he was able to explain the rationale behind the consortium's proposed bid.

Sarasin, however, is adamant that it will not make a contested offer and will only go ahead on the understanding that Pegi Malaysia, which holds 26.5 per cent of Dunlop, will support the consortium's plans.

But there is no indication that Mr Ghafar Bhabe and Mr Eng Ching Ah, the two Pegi representatives on the Dunlop board, will be available for any talks with Sarasin at least until the next Dunlop board meeting on December 22.

Nevertheless, on the assumption that the Malaysian shareholders do eventually support the consortium, it proposes to bid for Dunlop on a share exchange basis.

The Stock Exchange appears to have given conditional approval to this formula with the proviso that the new company has a good spread, at least 200, of shareholders. The quotations department would also want to ensure that at least 25 per cent of the equity is retained in the hands of the public.

Assuming that the consortium clears all these hurdles, the existing Dunlop quote will be maintained in both assented and non-assented form until the new company has received 100 per cent control, either through acceptances or by compulsory purchase under Section 290 of the 1948 Companies Act.

Arabs lift TKM holding

Mass Development Company BEC of Bahrain has bought a further 500,000 shares of Tozer Kemsley & Millbourn (Holdings), the international trading and vehicle distribution group, taking its holding to 5.47m, equal to 10.19 per cent of the equity.

Mass, which is part of the Mussad Al Saleh and Sons Group of Kuwait, had held a 9.26 per cent stake in Tozer since May 1982. It first disclosed a 5.17 per cent holding in October 1981.

Tozer said it viewed the share purchase as a move by Mass to increase its investment and not as a prelude to further large-scale buying or a bid.

The company has been undergoing a radical streamlining over the past few years following the loss of its BMW dealership. Its bankers have guaranteed continued support to May 1984.

Mass is now the largest shareholder in Tozer. The 9.46 per cent holding owned by Mr Kenneth Thorogood, a former chairman, is the only other disclosable stake.

Tozer's shares remained unchanged yesterday at 25p.

MINING NEWS

Agnico-Eagle keeping ahead

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Agnico-Eagle gold and silver group reports reduced third quarter earnings of C$2.57m (£1.43m), equal to 19 cents per share. This follows a restated 22 cents per share for the previous three months.

However, it still leaves the group well ahead with a total for the first nine months of 1983 of C$7.23m, or 52 cents per share. Compared with a restated C$3.17m, or 23 cents per share, for the same period of last year.

The 1982 figures have been adjusted to allow for a debit of C$1.92m arising from a reassessment of corporate income taxes of which C$925,000 relates to 1981 and previous periods.

Agnico says that the improved results for this year reflect higher bullion prices and the resumption of silver sales which were halted last year pending a rise in the metal price. Gold production this year has been adversely affected by mechanical problems at the mill.

As far as the current quarter is concerned, Agnico is having to live with lower prices for its gold—the third quarter average was US$417 per ounce—but it should still be in a position to raise the dividend distribution.

MINING NEWS IN BRIEF

Australia's Ashton Mining, a partner in the Argyle diamond venture, has made a private placing of 9.47m shares at A$1.30 (81p).

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Following an "urgent request" from the Manitoba Government, Canada's Sherritt Gordon Mines is to keep its loss-making Ruttan copper-zinc mine in operation at least until the next board meeting in early-March. In the meantime efforts will be made to bring in either the provincial Government or another party to finance capital needs of some C$25m-C$30m to develop the deeper ore zone.

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Israeli exports of polished diamonds rose to a net $81.9m (£56.9m) last month compared with $79.3m in November of last year. For the first 11 months of this year exports amount to $931.3m against $826.2m in the same period of 1982.

Argyle demerger details

Argyle Trust, the financial services group, yesterday revealed details of its proposed demerger of Dewey Warren, the group's Lloyd's insurance broking operations.

Since the recapitalisation of the Sterling Credit Group, the predecessor company of Argyle Trust which took place in 1980, Argyle has concentrated on developing two main activities—insurance broking through Dewey Warren and secured consumer finance and life assurance primarily through Sterling Trust and Sterling Life.

Now Argyle feels there are significant trading advantages to be gained from the demerger of Dewey Warren, particularly the separation of the ownership of the insurance broking and life assurance companies.

A new company is to be created—Dewey Warren Holdings—to which Argyle will transfer the share capital of Dewey Warren. Dewey Warren Holdings will then issue to 4.29m shares to Argyle Trust shareholders on the basis of one ordinary share of 10p for every five ordinary shares of Argyle Trust. Application is to be made to the Stock Exchange for Dewey Warren Holdings shares to be dealt on the stock market.

Dewey Warren Holdings is forecast to produce a total profit before tax for the year ending December 1983 of not less than £700,000.

The new Argyle Trust group is forecast to produce pre-tax profits for the year ending December 31 1984, excluding any contribution from Dewey Warren, "in excess of £300,000."

For the year ending December 1983 the forecast consolidated profit before tax of the Argyle Trust group, including Dewey Warren, will be not less than £200,000.

BIDS AND DEALS IN BRIEF

The Trade Secretary has decided not to refer the proposed merger between the small seamless tube activities of British Steel Corporation and TI Weldless to the Monopolies Commission.

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A receiver has been appointed to Roverhire Auctions at the request of the directors.

This auction business had ceased prior to the appointment. The receiver is looking for a purchaser of the self-drive hire business with its fleet of 74 cars.

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Dubilier, manufacturer of electrical and electronic components and connectors and ion beam equipment, has concluded an agreement with Ion Beam Technologies Inc, of Beverly, Massachusetts, U.S., to acquire a 48 per cent shareholding in the company.

This follows news that the first commercial focused ion beam lithographic system using advanced Dubilier technology is to be delivered to the Massachusetts Institute of Technology by IBT during the summer of 1984.

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The West Midlands Enterprise Board has invested £150,000 in structural steel worker, Herbertson and Company of Lanesfield, Wolverhampton, which currently holds a record order book.

Herbertson's two principal existing shareholders, brothers joint managing directors, Andrew and Duncan Rutherford, are also putting another £50,000 into the business, which was originally founded over 100 years ago.

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Together with the National Westminster Bank and Ulster Bank, Lamont Holdings says that negotiations are at an advanced stage for it to acquire the ICS Computing Group for about £900,000 cash.

ICS consists of four companies engaged in software development, computer maintenance, hardware sales and bureaux—with operations in Belfast, Dublin and Cork—with a fifth in California, marketing software.

Book value of ICS net assets at June 30 last was £320,612. The group incurred a £144,345 loss for the 21 months to that date.

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Crown Life Assurance Group has made good progress during 1983 with new annual premiums (gross of reinsurance) totalling £16m for the year to November 30. This compares with £10.6m for the previous 11 months and represents an annualised rate of growth of 40 per cent.

New single premiums (excluding guaranteed income bonds) increased at an annual rate of 126 per cent to £24m (£9.7m for 11 months). New guaranteed income bond sales were £6m (£10.6m).

Mr Allan Duggin, the chief executive, says he feels confident that the company will meet its targets for continued growth and diversification into the broad financial services sector.

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A commercial and feature film production company, Media Software International, has been acquired by Television Services.

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On December 7 S. G. Warburg & Company, as an associate of BIT & Northern PLC, bought on behalf of discretionary investment clients 210,000 ordinary 25p shares of Charterhouse Group at 105p.

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Gould Inc has agreed to a management buyout of its Constant Voltage Transformer operation at Rhosymedre, near Wrexham in Clwyd.

Terms of the buyout have not been disclosed, but it is known that it has been financed in part by Barclays Bank and by a deferment of payment agreement, over two years, with Gould.

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London & Manchester Securities has completed the acquisition of Whitelands Properties and Voight Properties.

The consideration amounted to £954,860 and was satisfied by an issue to the vendors of 3,591,434 ordinary LMS, of which 2m shares were placed with institutions at the price. The balance was in cash.

Principal assets of Whitelands and Voight are industrial and office properties in Sutton, Redhill and Leeds, which have been valued on behalf of LMS at £2.22m. Gross rental of the properties amounts to £183,000 per annum.

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Harris Queensway—Director K. J. Elton, has sold 76,000 ordinary.

Estates and Agency Holdings.—Mr J. S. I. Rosefield, chairman has purchased 10,000 shares at 121½ and now holds 250,000 shares (4.16 per cent).

...Lyle Shipping—County Bank and/or its subsidiary and associated companies and/or certain pension funds and trusts under its management have acquired a total of 550,000 ordinary (5.49 per cent).

TR Property Investment Trust.—The Prudential Assurance Company now holds 2,668,798 ordinary and the Prudential Nominees 450,0[illegible] ordinary, which together represent 7.21 per cent of the capital.

Black Arrow Group—Mrs V. Edward, wife of a director, has acquired 155,266 ordinary.

I. D. and S. Rivlin Holdings—N. Chulani, an associate of M. A. Sasrani, has sold 25,000 ordinary.

George Dew—The interest of Scottish American Investment Co. in the ordinary capital now amounts to 800,000 shares (10 per cent).

McInerney Property — The Bank of Ireland has disposed of its entire holding of 1,233,000 ordinary (9.66 per cent).

Glasgow Stockholders Trust—Imperial Life Assurance Co. of Canada no longer has an interest in the ordinary share capital.

Raine Industries—South Yorkshire County Council Superannuation Fund owns 2.07m ordinary (8.56 per cent).

Barrie Investments — Director Andrew Chai, together with family members, have disposed of 14m ordinary (14.6 per cent). The shares were sold at a price of 14p to Exurbia (Malaysia) Sdn Bhd, a privately-owned Malaysian investment company. Chai now holds 27.4 per cent of the ordinary.

COMPANY NEWS IN BRIEF

Hardanger Properties has again achieved a sharp increase in full year profits with the taxable surplus up at £1.53m against £922,000, a rise of 66 per cent.

Mr Derek Coombs, chairman of this USM company, points out that it has been successful in what has been a fairly difficult year for property developers. The increase in profits has been substantially derived from its retail developments, he says, and adds that the directors are confident of a further rise in current year profits.

Turnover during the 12 months to September 30 1983 rose from £4.7m to £6.6m. The final dividend is held at 7p for an unchanged 9.8p total.

The company intends to continue its policy of selective purchase of sites in prime town centres. As a result of strategic acquisitions, it is hoped, in the current year, that the company will be able to announce schemes of a larger nature than usual.

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For the 15 months ended September 30, 1983 pre-tax profits of Transport Development Australia fell by 26.3 per cent to A$2.85m (£1.78m) compared with A$3.87m (£2.42m) for 15 months to September 1982. Trading remains tough and fiercely competitive and with the present "fragile" state of the market the directors say it is difficult to be certain that the currently improving trend will continue.

They add that the group is to a sound financial position. Net tangible assets per share stand at $1.31 ($1.24 adjusted for bonus issue). Comparative profit figures are approximate and given as a guide.

Turnover for the period totalled $41.58m ($44.15m). An analysis of profits shows storage $2.72m ($2.94m) and road haulage $1.13m ($2.06m). Annualised earnings emerged at 13.5 (17.5 adjusted) cents per share.

Transport Development Group has a 70 per cent interest in the Australian company.

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For the year to October 31, 1983 pre-tax profits of Keystone Investment Co amounted to £1.05m against £1.07m and the net asset value per 50p share rose from 293p to 382p.

The net final dividend is 5p for a same again total of 10p on increased capital and a one-for-ten scrip issue is also proposed.

Income received for the 12 months was £1.31m (£1.28m), while profits were subject to tax of £361,312 (£369,487).

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For the year to September 30, 1983, Inn Leisure Group, which operates pubs and wine bars, turned in pre-tax profits of £538,000, on turnover of £5.06m. At the time of the rights issue in October, profits of not less than £515,000 were predicted.

As forecast last December, when the company came to the Unlisted Securities Market, a dividend of 0.42p net per 5p share is being paid for the year. Earnings per share were 2.37p.

Trading profits for the period came out at £684,000, before finance charges of £146,000. Tax took £38,000. No comparisons are given.

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First half pre-tax profits of Edbro (Holdings), engineering group, rose from £0.7m to £1.1m, helped by an exceptional export contract which will also benefit the second six months, say the directors.

They report that trading conditions remain patchy, but state that second half profits should be similar to those now reported. This would leave the year's outcome up from £1.59m to around £2.2m.

Turnover for the opening period to September 30 1983 was up from £9m to £9.9m and trading profits moved ahead from £0.9m to £1.2m. The pre-tax result was after interest of £0.1m (£0.2m) and was subject to tax of £0.1m (same), which gave earnings of 12p (7p) per 25p share.

The net interim dividend is held at 2p; last year's total payment being 5p.

The directors state that cash and short term investments now exceed borrowings.

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Pre-tax profits of Speyhawk, property development and construction group, advanced from £2.86m to £3.13m in the year to September 30, 1983, with the second half contributing £2.46m against £2.41m.

After higher tax of £1.27m (£504,000), yearly earnings per 10p share were down from 21.5p to 18.2p. However, the dividend total is being lifted from 7p to 7.7p with a final payment of 5.7p net.

Turnover for the 12 months was lower at £16.15m (£18.73m) and profits were arrived at after allocating £7,849 to an employees scheme. Last time they were subject to a deduction of £224,000 for profits made prior to the formation of the group.

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Compared with losses of £173,000, springs, pressings, precision engineering company Crosby Woodfield turned in taxable profits of £62,000 for the six months ended September 30 1983.

The directors say the figures reflect the trading of car seating and furniture springing subsidiary, Crosby Springs, and the investment in Parrpress, to the relevant disposal dates. Full provision has been made for all known trading and closure costs.

The considerable overdraft facilities available are being used to a minor extent only, and, with substantial funds on short-term deposit, the directors feel that the group is well placed for expansion.

Turnover for the six months amounted to £3m (£2.84m), and after tax, £45,000 (nil) and extraordinary debits of £126,000 (£5,000 credits), loss came through at £109,000, against £168,000. Loss per 10p share was 0.5p (0.9p).

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Frederick Cooper (Holdings), processor of cold rolled steel strip and formed sections, pushed its taxable surplus up from £356,552 to £423,651 in the year to July 31 1983.

The final dividend is raised from 1.05p to 1.15p, which lifts the total to 1.65p against 1.55p. Earnings per share were 4.93p (4.24p).

Turnover for the 12 months was higher at £19.24m compared with £15.84m. Tax takes £48,470 (£33,719). There was an extraordinary debit this time of £278,253, being costs incurred relevant to the closure of two subsidiaries of £181,228 and reduction to net realisable value of assets sold after year-end of £97,015.

The Viscount of Brookeborough has been appointed to the board. The chairman, Mr F. R. Cooper, has waived his dividend entitlement on 302,301 shares.

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Pre-tax profits at British & American Film Holdings, an investment holding company, improved from £138,321 to £162,592 in the six months to June 30 1983. After tax of £57,820 compared with £50,836, the net profit was £104,772 against £87,485.

The surplus on the sale of investments, less tax, to be transferred to capital reserve was £104,019 (£766). Retained profits brought forward amounted to £835,236 (£769,854).

The interim dividend is increased from 1.25p to 1.375p net—last year's final was 2.5p from pre-tax profits of £295,395.

Wholly-owned subsidiaries, Warwick Film Productions, B.H.P. Films, Viceroy Films and Domino Productions, improved their pre-tax profits from £16,279 to £52,548. Tax accounted for £15,902 against £2,300, leaving net profits of £36,646 (£13,979).

Earnings per 5p stock unit of the holding company rose from 3.124p to 3.741p, and from 3.623p to 5.05p including subsidiaries not consolidated.

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Profits of Williamson Tea Holdings, after tax of £3.41m against £1.33m, rose from £650,462 to £988,362 in the year to June 30 1983. Turnover was ahead from £24.17m to £29.77m.

The attributable balance amounted to £381,393 (£327,514) and, on earnings per £1 share of 41.65p (23.89p), the dividend payment is increased from 12.5p to 15p net.

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	121xd	—	6.4	5.3	7.0	9.2
158	117	Ass. Brit. Ind. CULS	132	—	10.0	7.5	—	—
78	57	Airsprung Group	76	—	6.1	8.9	21.7	21.7
46	21	Armitage & Rhodes	27	—	—	—	—	—
250	96½	Bardon Hill	250	—	7.2	2.9	19.2	20.7
54	53	Bray Technologies	54	—	2.7	5.0	8.7	10.6
151	100	CCL 11pc Conv. Pref.	144	—	15.7	10.9	—	—
270	100	Cindico Group	100	—	17.5	17.4	—	—
86	45	Deborah Services	61	—	5.0	11.8	—	—
175	77	Frank Horsell	175	—	—	—	7.4	12.1
165	75½	Frank Horsell Pr Ord 87	165	—	8.7	5.2	6.9	11.4
83	39	Frederick Parker	39	—	7.1	15.2	2.4	3.9
55	32	George Blair	33	—	—	—	—	—
100	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
216	100	Isis Conv. Pref.	218	—	17.1	7.9	—	—
114	47	Jackson Group	112	—	4.5	4.0	5.8	11.5
237	111	James Burrough	219xd	—	11.4	5.2	12.1	12.4
250	122	Robert Jenkins	122xd	—	20.0	16.4	14.2	9.5
83	54	Scruttons "A"	63	—	5.7	9.0	10.5	7.6
167	76	Torday & Carlisle	76	—	2.9	3.8	—	—
430	286	Travian Holdings	430	—	—	—	8.8	8.0
29	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	64	Walter Alexander	87	—	6.8	7.8	7.5	10.1
276	214	W. S. Yeates	248	—	17.1	6.9	3.8	7.9

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
9	10	11	12	13	14	15

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the intimate moments borrowed direct from the film. (7572626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (2396200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (9779370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (7578646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (2396200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4963000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personal's column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (4883300)

As You Like It (Arena). The Napoleonic era with its bows to Romanticism are the setting of Douglas C. Wager's production with Frances Conroy as Rosalind and Tom Hewitt as Orlando. Ends Jan 1. (4883300)

LONDON

Dancin' (Drury Lane): Bob Fosse, answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (8368108)

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubador (rhyming with "fondle") in search of both Richard the Lion-heart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (9287616)

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (3785299)

Hay Fever (Queen's) Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely outocratic, distracted. The supporting actors roll over without protest. (7341166)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre

SINGING LONDON

In the London theatre's busiest season for some time, West End stages are suddenly awash with musicals. But not all the hits are that high. Bob Fosse's Dancin' at Drury Lane comes, five years after its Broadway premiere, with a lacklustre touring company and a repertoire of choreographed items that seem dated and stale by the best modern dance standards.

Tim Rice's new musical, which re-opened the handsomely refurbished Old Vic, has also proved a disappointment, and not just because Stephen Oliver's music is ordinary. Blondel has no book to speak of. Neither has Dancin'. Nor, really does Dear Anyone at the Cambridge, in which a British creative team ape Broadway mannerisms in the tale of an agony aunt on a New York newspaper and end up in all sorts of trouble, even unto giving Stubby Kaye a feeble echo of his showstopper in Guys and Dolls.

The musical with a story to tell, Jean Seberg at the National, with music by Marvin Hamlisch, has had its opening delayed until December 1 owing to an ankle injury sustained by the actor playing J Edgar Hoover.

Meanwhile, the RSC's musical about the Chinese opium war, Poppy, opens pre-Broadway season at the Adelphi. Little Shop of Horrors is packing out at the Comedy, Tommy Steele continues in the galumphing Singin' in the Rain at the Palladium, Andrew Lloyd Webber still poses a triple threat with Cats (New London), Evita (Prince Edward) and Song and Dance (Palace), and Snoopy scampers brightly along at the Duchess.

Mr Cinders perseveres at the Fortune and Oliver! is returning to the Aldwych for a Christmas season. This leaves only one question: who will begin the Ivor Novello revival?

Exhibitions

LONDON

The Hayward Gallery: Raoul Dufy – a timely reminder that this hero of countless chocolate boxes and post cards, the acceptable face of modern art, was not only a significant painter but a Fauvist of peculiar character, a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly perfunctory notation, and his characteristic imagery – white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

The Hayward Gallery: Hockney's Photographs – a brisk survey of Hockney's practical use of the camera from simple reference and aide memoire to photographic exercises. This latter aspect developed slowly but has speeded considerably in the past 18 months. The composite photographic image is no longer just a simple still life or portrait study, but a strange and intriguing image of an event, a sequence of action, a passage of time. Ends Feb 5

Royal Academy: The Genius of Venice – we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions. It treats us to exclusively the painting and, to a lesser extent, the sculpture, that Venice produced in the 16th century. If Bellini and Carpaccio are honoured more by their absence, since the panels now are just too fragile to travel (though the Lion of St Mark's is Carpaccio's), there is so much that has been brought in from all over the world that compensation is hardly the word. So, from the shadowy, speculative presence of Giorgione in the beginning, to the emotional extravagance of Tintoretto fitting the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et al., we are indulged in a way unlikely ever to be repeated in our time, if at all. Ends March 11

PARIS

Raphael – Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them La Petit Saint Georges, La Belle Jardiniere and Balthazar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 18th century to the present. Grand Palais (2615410). Closed Tue. Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (2603926). Closed Tue. Ends end of Feb.

Balthus – In collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou. Closed Tue. Ends Jan 23 (2771233)

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B. C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 8 1984). Closed Tue, Wed late closing night 10 pm (2615410)

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (2615410)

Liège Modern Art Museum has lent its collection of choice items – one of Monet's first paintings and one of Gauguin's last. Also a surprising Blue-period Picasso – to the Centre de la Communauté Française de Belgique. (Tel: 2712616), 11am–6pm, closed Mon. Ends Jan 8

The Land of Baal and Astarte. Ten thousand years of Syria's artistic development. Petit Palais (2651273). Ends Jan 8, 10am to 5.40pm. Closed Mondays

Friedrich – The German romantic painter's work viewed in Wagner's music at the Centre Culturel du Marais (2727332). Ends March 11.

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Manet (Metropolitan Museum of Art): Almost 200 important paintings marking the 100th anniversary of the artist's death are included in the most comprehensive Manet exhibition for nearly a century. Ends Nov 27

Kennedy Galleries (40 W. 57th): 40 American artists covering three centuries and various genres, from Copley portraits to Harnett's trompe l'oeil and Prendergast's lyrical figures, comprise a show that stretches from the Colonial period to the Armory Show of 1913. European influence is noticeable throughout, but usually with an American perspective that gained confidence and individuality with the country's development. Ends Dec 30.

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: this week's highlight is Aida with Eva Rondova, Julia Varady and Martti Talvela in the main roles. The Magic Flute is conducted by Heinrich Hollreiser; Hänsel und Gretel is a Philippe Sanjust production. Salome has Ruth Hesse and Ingvar Wixell in the main roles.

Hamburg, Staatsoper: Don Carlos, sung in Italian, stars Margaret Price, Agnes Baltsa, Jose Carreras and Samuel Ramey. La Bohème has Ilona Tokody and Jose Carreras in the main roles. Premiering this month are Arnold Schonberg's three small Operas, 'Ein Überlebender aus Warschau / Die Glückliche Hand / Die Jakobsleiter,' shown for the first time in Hamburg. They are produced by Peter Mussbach and conducted by Christoph von Dohnanyi.

Frankfurt, Opera: The current revival of Der Freischütz has Walter Raffener in the title role; Manon Lescaut, Nelly Miricioiu: Aida, Rosalind Plowright. Der Wildschütz, conducted by Volkmar Olbrich, brings together Ilse Gramatzki and John Stewart, making his debut in the part of Baron Kronthal.

Stuttgart, Württembergisches Staatsoper: there was much acclaim for Karl Orf's rarely played 'Die Kluge,' which is a reproduction this month. Der Troubadour has Eva Randova as Azucena. There are further performances of Zar und Zimmermann and Hänsel und Gretel.

Munich, Bayerische Staatsoper: The week starts with Donizetti's Don Pasquale, sung in Italian. Hänsel und Gretel brings together Heleos Jungwirth and Gudrun Wewezow. Carmen, sung in French, has Stefania Toczyska in the title role.

LONDON

Royal Opera, Covent Garden: the only opera this week is the mounting for Joan Sutherland of Massenet's Esclarmonde – a lavish piece of second-rate Massenet here underpinned with lumber by absurdly gaudy sets, semaphore acting, uncertain singing (even in the title role), and the inadequate conducting of Richard Bonynge.

English National Opera, Coliseum: ENO opera is dominated by three titular heroines – Britten's Lucretia (an unexpectedly successful production to this large theatre of a chamber opera, superbly conducted by Steuart Bedford and for the most part very well sung), Gounod's Mireille (with Valerie Masterson) and Puccini's Butterfly (with Eiddwen Harrhy).

Royal Opera House, Covent Garden: a triple bill on Monday shows two recent acquisitions to the ballet repertory with MacMillan's serene Requiem. Swan Lake is on view on Wednesday.

Sadler's Wells, Rosebery Ave: London Contemporary Dance finishes its season on Saturday and Twyla Tharp and her dancers, her energy, and her brilliant choreography are installed at the Wells for a short season on Wednesday. Should be seen.

PARIS

Saint François D'Assise: Oliver Messiaen's new opera conducted by Ozawa/Nagano, produced by Sandro Sequi, costumes and decor by Giuseppe Crisolini-Malatesta with Christiane Eda-Pierre as The Angel and Jose van Dam as Saint Francis. Paris Opera (2665022).

Raymonda: a new production with Rudolf Nureyev's choreography reinterpreting Marius Petipa's to Glazunov's music. Decor and costumes by Nicholas Georgiadis, conducted by Michel Sasson/Michel Queval. Paris Opera (2665022).

Contemporary Ballet evenings danced by the Paris Opera Ballet Corps and its choreography research group at the Opera Comique-Salle Favart (2960611).

NEW YORK

Metropolitan Opera (Opera House): The first seasonal performance of Fidelio highlights the 11th week of the centenary season. Klaus Tennstedt makes his Met debut conducting, as does soprano Eva Marton as Leonore. Roberta Peters sings the role of Marzelline and Jon Vickers is Florestan. Other performances of the week include Tristan and Isolde, conducted by James Levine, with Hildegard Behrens as Isolde and Richard Cassilly as Tristan, along with Dialogue of the Carmelites, sung in English, conducted by Manuel Rosenthal with Frederica von Stade as Blanche and Johanna Meier as Madame Lidoine as well as Samaritani's new production of Ernani. Lincoln Center (5809830).

New York City Ballet (New York State Theatre): Month-long performances of The Nutcracker continue. Lincoln Center (8705570).

WASHINGTON

American Ballet Theatre (Opera House): Billy the Kid, Estuary and Twyla Tharp's new ballet are part of this week's mixed repertory in a new season that ends on New Year's Eve. Kennedy Center (2543770).

Music

PARIS

Kurt Moll Recital, Cord Garben, piano: Schubert's Winterreise (Mon) Théâtre de l'Athenee (7426727).

St. John Smith Square orchestra conducted by John Lubbock, Igor Oistrakh, violin, Natalia Zertsalova, piano: Bliss, Haydn, Mozart (Mon) TMP-Châtelet (2334444).

Solars Vortices: Schoeberg, Marco, Fenelon, Garcin (Mon) Radio France, Grand Auditorium (5241516).

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez with Maurice Andre, trumpet, Michele Pena, soprano: Haydn, Hummel, Bach, Albinoni (Tue) Salle Pleyel (5610630).

Festival d'Art Sacre: Haydn – Quatuor Via Nova, Marc Bleuse – Akroma Percussion Quintet, Anne Fondeville, soprano, and choir (Tue) Saint-Séverin Church (2771883).

Ani and Raffi Petrossian: Grieg, Moszkowski, Rachmaninov, Liszt (Wed) Gaveau (5632030).

Orchestre National de France conducted by Charles Dutoit, Pascal, Roge, piano: Magnard, Ravel (Wed) Theatre des Champs Elysees (7234777).

Paris Harp Gestuor: Rameau, Dandrieu, Vivaldi, Boutry (Thur 12.30 am, 3 pm) Pleyel, Salle Chopin (5610630).

Festival D'Art Sacre: Bach, Mozart, Schoenberg, Lenot, with Jean-Louis Gil, organ (Thur) Saint-Germain-des-Prés Church (2771883).

WEST GERMANY

Berlin Philharmonie: The Berlin Philharmonic Orchestra and Concert Choir offers Bach's Christmas Oratorio conducted by Fritz Weisse. Soloists are Hanna Schaer, Gudrun Sieber, Heinz Hopfner and Hermann-Christian Polster (Sat, Sun).

Frankfurt, Alte Oper: piano recital with Rudolf Buchbinder playing Beethoven Sonatas (Tue).

London Symphony Orchestra under Claudio Abbado: Schubert, Mahler and Beethoven (Wed).

Berlin Philharmonic Orchestra conducted by Seiji Ozawa, with baritone Dietrich Fischer-Dieskau; Mozart, Mahler (Thur).

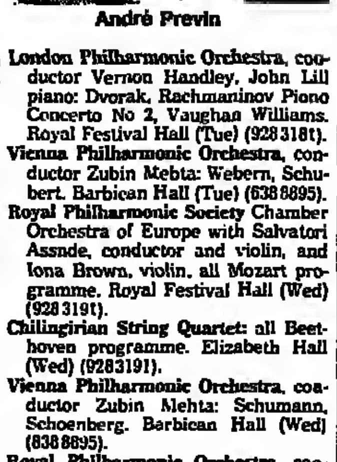
ZURICH

Tonhalle: Tonhalle Orchestra, conductor Dennis Russell Davies, Walter Grimmer, cello: Debussy, Yun (concerto for cello), Mussorgsky (Wed). Chamber Music with the Tokyo String Quartet: Haydn, Schubert, Ravel (Thur) (201 1580).

LONDON

Royal Philharmonic Orchestra, conductor Walter Weller, Tamas Vasary piano: Mozart, Dvorak. Royal Festival Hall (Mon) (9283191).

London Sinfonietta & Voices, conductor David Atherton: Ravel, Vaisse Elizabeth Hall (Mon) (9283191).



André Previn

London Philharmonic Orchestra, conductor Vernon Handley, John Lill piano: Dvorak, Rachmaninov Piano Concerto No 2, Vaughan Williams. Royal Festival Hall (Tue) (9283181).

Vienna Philharmonic Orchestra, conductor Zubin Mehta: Weber, Schubert. Barbican Hall (Tue) (6388895).

Royal Philharmonic Society Chamber Orchestra of Europe with Salvatori Asande, conductor and violin, and Iona Brown, violin, all Mozart programme, Royal Festival Hall (Wed) (9283191).

Chilingirian String Quartet: all Beethoven programme. Elizabeth Hall (Wed) (9283191).

Vienna Philharmonic Orchestra, conductor Zubin Mehta: Schumann, Schoenberg. Barbican Hall (Wed) (6388895).

Royal Philharmonic Orchestra, conductor Walter Weller, Henryk Saoryng violin. Beethoven, Brahms Violin Concerto, Strauss. Royal Festival Hall (Thur) (9283181).

NEW YORK

New York Philharmonic (Avery Fischer Hall): Andre Previn conducting, Cecile Licad piano. Rachmaninoff, Shostakovich (Tue); Andre Previn conducting, Pinchas Zukerman violin. Gould, Bartok, Rachmaninoff (Thur). Lincoln Center (8742424).

Juilliard String Quartet (Carnegie Hall): Thomas Riebl viola, Nathaniel Rosen cello. Mozart, Brahms (Wed). (2477439).

Musica Sacra (Avery Fischer Hall): Handel: Messiah (Mon, Wed) Lincoln Center (8742424).

Waverly Consort (Church of St Mary): The Christmas Story collected from 10th to 15th century sources includes medieval procession of the prophets, Gloriosi et famosi (Wed, Thur), 139 W 46th, E of 7th Av (8661260).

Merkin Hall: Manhattan String Quartet. Beethoven, Shostakovich, Schubert (Tue); Music Today. Gerard Schwarz conducting, Sol Greitzer viola, Richard Goode piano, Chavez, Berio, Perle, Kurka, Rolnick (Wed): Concerts Plus, Simca Heled director. Rameau, Gruenberg (Thur), 67th W of Broadway (3628719).

Kaufmann Hall (92nd St Y): Chamber Music Group. Jaime Laredo director. All Mozart programme (Tue, Wed). 92nd & Lexington Av. (4274410).

WASHINGTON

National Symphony (Concert Hall): Handel: Messiah, with Choral Arts Society (Mon, Tue). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting, Murray Perahia piano. Ruggles, Schumann, Mozart, Ravel (Thur). (3358111)

Cinema/Nigel Andrews

A tale of two nations

Trading places, directed by John Landis
Ziggy Stardust and the Spiders from Mars, directed by D. A. Pennebacker
Liquid Sky, directed by Slava Tsukerman
House of Evil.

Dan Aykroyd and Jamie Lee Curtis in "Trading Places"

American big cities have always been the place for vertiginous opposites: high and low, rich end poor, soaring aspiration and plummeting despair.

Trading Places, directed by John Landis (of *The Blues Brothers* and *An American Werewolf in London*), is like a reverse-rocketed time trip into the comedies of the 1930s, when such contrasts were polished to a gleam by directors like Howerd Hewks, Frank Capra and Preston Sturges. Rich white Philadelphia executive Dan Aykroyd, working for two millionaire stockbroker brothers Relph Belamy and Don Ameche, "trades places" with street-smart black Eddie Murpby, working (at teast when we first meet bim) as a "blind" and "legless" ex-Vietnam street beggar.

The role-swap is precipitated with neither guinea pig's knowledge: being masterminded by Bellamy and Ameche who see a way to settle their ongoing argument about whether beredity or environment "maketh the man" and to place a dollar bet on the outcome.

Will Aykroyd turn to a life of crime and degradetion once be has been robbed—by a trumped-up embezzlement charge—of job, fiancée, house and future? Will Murphy take to s life of class, culture and business acumen once he'a been dressed — by Bellamy and Ameche, who pick him off the street—in a Fifth Avenue suit and had a computer inserted into his hands?

As in any screwball comedy, wbether Hawks's *Bringing Up Baby* or Sturges's *Sullivan's Travels*, the comic pace must outrun the improbabilities of plot; and here, since the improbabilities are wild, the comic pace is flogged apoplectic in the attempt to keep ahead. But for the most part it does so. Especially when Aykroyd and Murphy, pop-eyed of visage and elastic of face and voice, are on screen. (Both are veterans of American TV's fecund *Saturday Night Live* show, which also gave us Chevy Chase and John Belushi).

In support there is also the ever magnificent Denholm Elliott as Ayckroyd's valet. "Eggnog?" he genteelly croaks from tbat pained and crusty visage. And throughout he resembles s faintly distrait Romen emperor who has been hrought back to life to wait on a gang of modern-day, tuxedo'd Vizigoths.

There are occasional dips into comic troughs, chiefly in the underdeveloped *amour* between Aykroyd and hooker Jamie Lee Curtis, who takes him under her tert-with-a-heart wings and nourishes his plans for vengeance. But if you swallow some sea-sick pills and can bear the erratic swell, *Trading Places* is worth the voyage. It's certainly the best Christmas-timed comedy America has produced in recent years.

*

Ziggy Stardust and the Spidere from Mars yields the sight of a time-warped David Bowie. D. A. Pennebaker's film is the record of Bowie's last concert appearance as Z. Stardust—year, 1962—wben he strode the Odeon Hammersmith in a medley of sartorial madness, drilling out such ditties as "Oh you pretty things" and "Rock and Roll suicide."

Before you can say "Merry Christmas, Mr Stardust," Bowie has changed from his opening Taras Bulba frockcoat to a principal boy number in Chinoiserie-patterned silk. After the first interval he shimmies forth in an Elizabethsn tunic and hreeches, followed hy a quick change into a Zoroaster cloak covering a skintight outfit sculpted from off-the-shoulder marzipan. Next there's a Mack Sennett Bathing Beauty one-piece slip-on. And finally, while the girls in the audience catapult orgasmic shrieks towards the stage, Bowie hows out in a hlack fishnet vest, hlinding silver-chrome helt and Oliver Twist trousers.

The voice, as always with Bowie, trails several *éclats* behind the sppearance. It tends towards a cleoch-tonsilled, hypnotic whine as of a passing UFO; sometimes beautifully harmonised to show that Bowie knew about the music of the spheres long before *Close Encountere*. Bowie's homage-to-the-Stones rendering of "Let's spend the night together" illustrales that in terms of jungle-cat sexuslity he is no Mick Jagger. But then Mick Jagger would look pretty silly in Bowie's follies of Space Age *haute couture*, and he certainly couldn't keen that superb poetic-Dalek number "Space oddity."

Pennebaker's film is a good movie record: vibrantly shot and edited, thumpingly recorded in four-track stereo, and wtth a sprinkling of dressing-room respites in which Bowie peels off and peels on costumes like a gamely overworked chameleon.

Bowie might be deemed the patron spirit behind *Liquid Sky*, a shoestring tale of vampiric aliens visiting New York. The said city is here peopled with Punk humans who look far weirder than anything that could be submitted from Outer-Space—with startled phosphorescent hair, corpse-white make-up, and glitter dust—and the aliens (whom we never see) are out to syphon off those juicy opiate secretions made in the human hrain during sex (?)

The best feature of this try-hard but ultimately tedious and repetitive slice of futuristic camp is its one "normal" character: a lantern-jawed young German scientist who comes clumping into New York to study the space visitors and speaks deeply solemn lines like "Ziss alien is killing people. May I use your telephone?" and "Duty is more important zan shrimps."

I think this Tenton should take time off to investigate the denizens of the horror film *House of Evil*. These are a group of university girls sharing a New Englend sorority home, whose "house mother" (Elleen Davidson) is a demented killer. "Have bird-handled cane, will impale" is obviously her unspoken motto, as bodies fall with many a puncture wound and piercing shriek. Your motto should be, "Have other places to go, will give it a miss." Mark Rosman wrote and directed.

Your other plens could include a trip to East Anglia University where an "Eerly Cinema Weekend" — films by Luhitsch, Stiller and Sjostrom plus seminars and discussions — could be yours for a modest fee. British critics and writers will be joined by speskers winging in from America, Germany, Italy and Sweden. Dates: December 15 to 18.

*

Robert Aldrich, who died this week aged 65, was one of those Hollywood directors who start out with a gleaming and galvanic talent—like Orson Welles or John Huston—and end by dispersing their energies in a mixture of routine chores end wild sberrations. Aldrich's earliest films, notably *Kiss Me Deadly* (1955) and *Attack!* (1956), had a clear line of energy and vision, pounding violence into the growing cracks in postwar American complacency. But a decade later Aldrich's rebellious liberalism had turned into the lumbering melodrama of *The Dirty Dozen* and a decade later still into the unspeakable, thick-eared bigotry of *The Choirboys*.

Perhaps it was Aldrich's success as a Hollywood careerist—he grew from an illustrious assistant director (to such as Renoir, Wellman, Losey and Chaplin) to becoming s prodncer-director able to finance his own projects—that fed a macho repletion expressing itself in ever more wanton narrative overkill. He will be remembered for his early work and for those few movies—notahly *What Ever Happened To Baby Jane*—where Aldrich's gleeful aversion to good taste found for once the perfect hyperbolic and heretical subject.

Fishing/Arts

Martin Hoyle

The Black Theatre Season's final offering hes been seen st least partly before. Three scenes from Paulette Randall's play were presented at the Theatre Upstairs during last yesr's Young Writers' Festival. It must be said that the substence is now spread pretty thinly over a whole evening.

Ingrid and Jean are best friends. The first is thoughtful, domesticated, an unmarried mother; the second flashy and volatile ("Every now and then I just go med"), quick to rage, recooiciliation and laughter.

In their neighbouring council flats they pley hosts, one already bungover weekend, to Ingrid's mother and aunt, another nicely contrasted palr. Auntie May is swesomely genteel, given to murmuring "very nice" with varying degrees of disapproval.

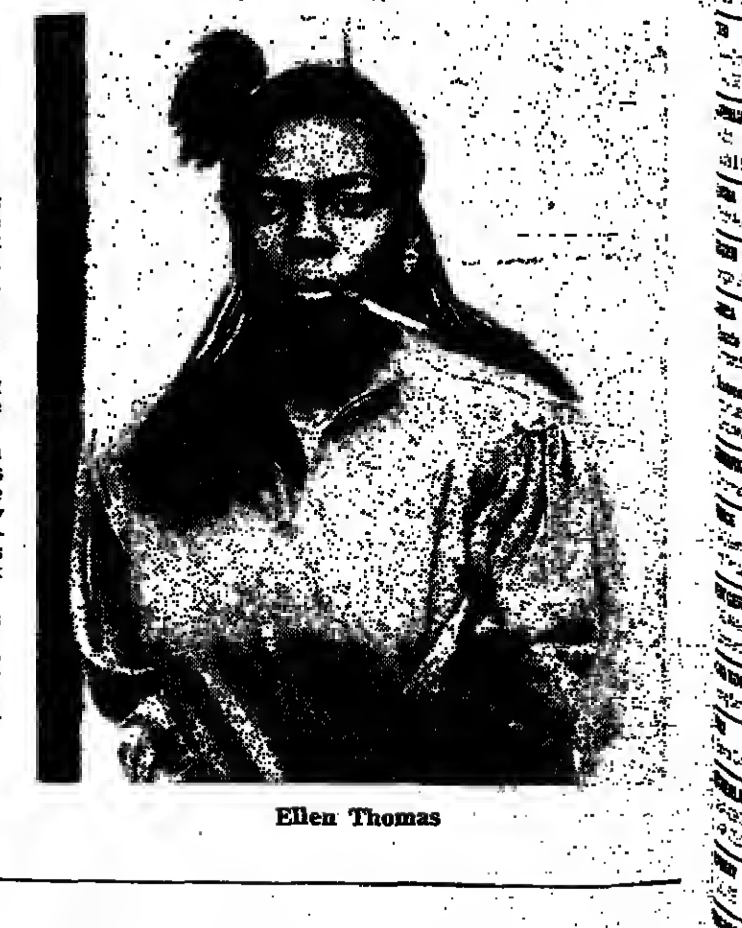
Little happens. Ingrid reveels she is pregnant and has rowed with her current men. Jean finds her boyfriend has absconded with her possessions ("What's he doiag with my coffee table? He doesn't even know what it's for."). The two elderly ladies get predictably tipsy and refined Aunt May hrings the house down with a hip-twitching dence.

The play's strength lies in its depiction of s friendship. The girls joke, hicker, argue, resort to violence and make it up, all convincingly. Good-time Jean emerges as more interesting than the monochrome Ingrid. "Why did *he* lesve *me*?" she indignsntly inquires about her departed lover. "I was going to do it to him." Teers give wey to a toast to freedom.

All of whicb tempts Ellen Thomas to overdo the ferocious mood-cbenges: at times she comes on like a predetory Dianne Warwick, teeth relentlessly bared. Yvonne Gidden's intelligent Ingrid seems bleak end charmless in comparison.

The central scene — Jean's pillaged flat, the impromptu drinking party — rambles into anti-climax. However intriguing as part of a double bill, the main relationship is too unvarying to sustain a whole evening.

Lubaina Himid's set, "built from tea chests for the simple reason that council housing in Britain probably is," is serviceable enougb not to need that aggressive programme note.



Ellen Thomas

Peter Donohoe/Wigmore Hall

Max Loppert

It is a merk of Peter Donohoe's singular individuality and integrity as a musician that his recent accession to international prizewinner status has not succeeded in forcing his piano recital programmes into conventional moulds. Messiaen's cycle of 20 meditations, *Vingt Regards sur l'enfant Jesus Christ*, though undoubtedly one of the peeks of 20th century composition for the instrument, does not figure in the typical international prizewinner's repertory; it was the main subject of Wednesday's recital, the first of two to be given by Mr Donohoe in London this month.

Playing the complete cycle (in celebration of Messiaen's 75th birthday) was obviously a lahour of love for the pianist; for Wednesday's performance must be reckoned one of his most remarkahle achievements—a feat of concentrated and sustained piano mastery, totally absorbed in its ohject, in which the full force of Messiaen's multi-coloured inspiration was transmitted to the audience. The complete *Vingt Regards*, even (I should gness) for the most passionate Messiaen devotee, must always remain a daunting experience—the sheer bulk of the 20 pieces, snd the sheer repetitiousness of themes, styles, and moods engendered by that hulk, affords a feeling of surfeit before the end. Yet never before in my experience of the cycle has the registering of that feeling been delayed so long.

It was sn occasion of signal piano virtuosity, directed entirely towards the music. There was never anything in the least self-glorifying in Mr Donohoe's tracing of Messiaen's tremendous cascades across the keyboard or frenetic hammerings at its extremes, in the fulfilment of the demand (in such as the finale, "Regard de l'Eglise d'Amour) for ever-increasing hrilliance of tone and grandeur of utterance; yet the resilience, stamina, and accurscy of such exploits could also be enjoyed (as the composer surely intended them to he) as notable virtuoso accomplishments.

In the reveries and lullaby descriptive of the Child Jesus, the simplicity and frankness of phrase removed much, if not all, of the attendant sticky sweetness; and if (in the more robust outpourings, such as the 18th meditation) even Mr Donohoe failed to expunge from the mind the irreverent image of a cocktail-lounge pianist high on speed and improvising ever more wildly, the fault was not his. It was a mistake, however, to precede this already full-measure programme provising with an account of Ravel's *Gaspard de la nuit*; next time—and there must surely be msny more occasions in store—Mr Donohoe should allow Messiaen to stand on his own.

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday December 9 1983

EEC fishing quota proposals meet opposition, Page 30

WALL STREET

Credit fears rekindled by Regan

THE RENEWED vigour of Wall Street stocks was undermined yesterday by a further setback in the bond market after Mr Donald Regan, the Treasury Secretary, warned that the Federal deficit might "cause problems" for the U.S. economy in 1985, *writes Terry Byland in New York*.

Mr Regan's comments strengthened bond market fears that next year could bring a collision between the high borrowing needs of the Federal Government and the expected credit demand from U.S. corporations. Falls of more than half a point in bond prices at the opening of the market were sparked off by some hurried selling of Treasury bond futures where the March contract opened six basis points down and quickly lost a further eight basis points.

At the close the Dow Jones industrial average was 11.89 down on 1,281.89.

In the stock market, prices opened lower and were unable to sustain a mid-morning rally. Leading stocks showed small mixed price changes as a few tax sellers traded into an uneasy market.

IBM eased $⅛ to $118⅞ by the close. Earlier its announcement of a new automatic telling machine (ATM) had lifted its price by up to $1.

Analysts doubt that IBM intends to make a strong play for the ATM market. Diebold, which holds the premier position in the market for ATMs, recovered $⅞ to $77⅞.

Strong demand for airline stocks again pushed the Dow Jones transport average ahead, with several major brokerage houses recommending airline issues. There were widespread gains including $⅞ to $42⅞ for Delta Airlines, while PanAm traded heavily at its new 12-month peak of $8⅞.

Among the other major industrial stocks, International Harvester eased $1⅛ to $11⅞ as investors pondered the latest statement on the refinancing plan. General Motors, at $74¼ eased $⅛.

Both the old and new AT & T stocks remained respectively top and second in the active stocks list as traders arbitraged between the two ahead of the vesting date for the new stock. At $63⅞, the old stocks slipped $⅛, on trading of 2.5m shares, and the new also lost $⅞ to $19⅞ on just over 1m.

In the banking sector, Bank of America remained unchanged at $20, although market analysts were pleased to hear that about 10 per cent of the group's branch offices in California will be closed by the end of next year.

In the credit markets, brokers and investors were kept busy by the continued uncertainty over Federal Reserve policies and by the outlook for interest rates in general. Treasury Bill rates opened a shade higher and then moved up afresh on reports of a bearish statement on interest rates by a leading brokerage economist.

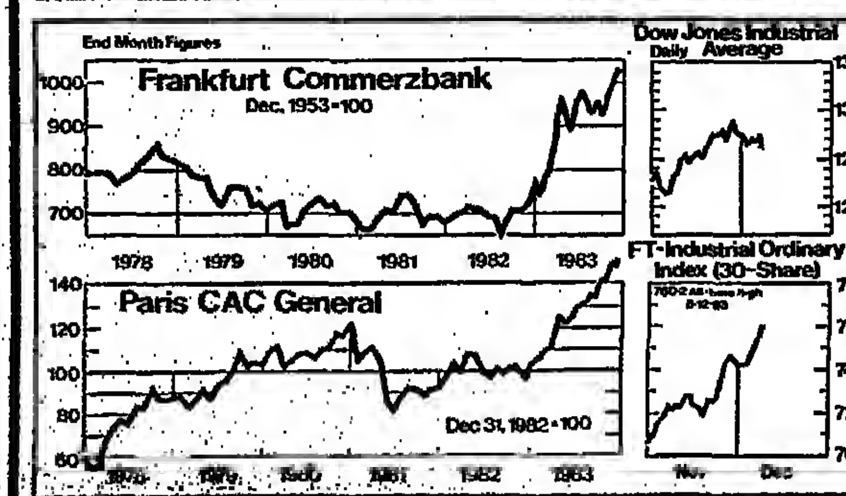
Three-month bills, at a discount of 9 per cent, were seven basis points up and six-month bills, at 9.21 per cent, about 10 basis points higher.

Yesterday's *further batch of repurchase arrangements* by the Federal Reserve, when Fed Funds stood at 9⅞ per cent, were seen as purely technical and not indicating any shift in policy. The test will come in the last week of this year when a tired market will face a heavy list of Treasury financing.

At the longer end, the scales were tipped downwards yesterday morning when the Treasury futures market dipped through a technical support level. Contracts for March delivery, the market leader, opened six basis points down at 69.29, quickly plunged to 69.21, later rallying after the Fed's intervention in the cash markets to 69.24.

The key long bond closed a net ⅜ lower at 101⅝.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 8	Previous	Year ago
NEW YORK			
DJ Industrials	*1261.89	1273.78	1047.09
DJ Transport	608.28	609.12	457.86
DJ Utilities	135.02	134.20	117.94
S&P Composite	165.20	165.91	141.82
LONDON			
FT Ind Ord	760.20	753.60	577.70
FT-A All-share	468.03	463.59	370.73
FT-A 500	499.87	495.16	408.01
FT-A Ind	460.29	456.39	382.90
FT Gold mines	592.30	580.80	496.00
FT Gov't secs	83.29	83.33	78.07
TOKYO			
Nikkei-Dow	9461.03	9404.99	8004.11
Tokyo SE	699.61	697.83	587.50
AUSTRALIA			
All Ord.	737.00	753.00	483.70
Metals & Mins.	542.80	541.50	418.40
AUSTRIA			
Credit Aktien	closed	54.43	48.19
BELGIUM			
Belgian SE	130.49	129.67	97.75
CANADA			
Toronto Composite	2535.4	2549.2	1878.60
Montreal Industrials	445.26	448.23	317.78
Combined	428.32	429.83	315.21
DENMARK			
Copenhagen SE	n/a	193.61	92.02
FRANCE			
CAC Gen	151.30	150.40	101.50
Ind. Tendence	162.40	161.60	122.60
WEST GERMANY			
FAZ-Aktien	346.58	345.35	248.81
Commerzbank	1023.50	1022.70	752.10
HONG KONG			
Hang Seng	873.86	874.36	751.93
ITALY			
Banca Comm.	closed	185.99	167.65
NETHERLANDS			
ANP-CBS Gen	148.00	148.00	101.90
ANP-CBS Ind	120.60	120.70	85.20
NORWAY			
Oslo SE	206.44	203.92	104.36
SINGAPORE			
Straits Times	954.72	944.60	757.90
SOUTH AFRICA			
Golds	872.4	851.8	887.6
Industrials	922.3	909.1	732.8
SPAIN			
Madrid SE	closed	123.40	103.36
SWEDEN			
J & P	1524.24	1522.21	860.21
SWITZERLAND			
Swiss Bank Ind	372.10	371.40	281.40
WORLD	Dec 7	Prev	Yr ago
Capital Int'l	181.60	181.30	153.30

GOLD (per ounce)

	Dec 8	Prev
London	$402.125	$399.875
Frankfurt	$401.25	$399.75
Zürich	$400.875	$400.00
Paris (fixing)	$401.10	$399.79
Luxembourg (fixing)	$402.80	$400.00
New York (Dec)	$388.90	$403.40

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Dec 8	U.S. DOLLAR Previous	STERLING Dec 8	STERLING Previous
$	—	—	1.4415	1.442
DM	2.7335	2.7330	3.9450	3.9425
Yen	233.925	233.85	337.75	337.75
FFr	8.3025	8.2925	11.9725	11.955
SwFr	2.1915	2.18925	3.1650	3.16
Guilder	3.064	3.065	4.42	4.4225
Lira	1656.0	1657.0	2388.50	2389.25
BFr	55.43	55.46	79.95	79.95
C$	1.24475	1.24475	1.7955	1.7940

INTEREST RATES

	Dec 8	Prev
Euro-currencies (offered rate)		
£	9⅝	9⅝
SwFr	4⅛	4⅛
DM	6⅛	6⅛
FFr	13⅛	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10⅛	10
6-month U.S.$	10⅜	10⅛
U.S. Fed Funds	9⅝	9⅞
U.S. 3-month CDs	9.60	9.65
U.S. 3-month T-bills	9.00	8.92

U.S BONDS

	Dec 8 Price	Dec 8 Yield	Prev Price	Prev Yield
Treasury				
10⅝ 1985	99⅝	10.78	99⅞	10.71
11⅞ 1990	99⅝	11.77	99⅞	11.69
11¾ 1993	99⅝	11.85	99⅞	11.76
12 2013	100⅝	11.94	101⅝	11.82
Corporate				
AT & T				
10⅜ June 1990	92⅜	12.05	93⅜	11.90
3⅞ July 1990	67⅞	10.95	67⅞	10.95
8⅜ May 2000	76	12.15	76	12.15
Xerox				
10⅞ March 1993	90⅞	12.30	91⅞	12.10
Diamond Shamrock				
10⅞ May 1993	89⅞	12.55	90⅞	12.40
Federated Dept Stores				
10⅞ May 2013	85⅞	12.45	86.417	12.35
Abbot Lab				
11.80 Feb 2013	94.90	12.45	95.647	12.35
Alcoa				
12½ Dec 2012	94.725	12.95	95.085	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
December	70-03	70-16	70-01	70-22
U.S. Treasury Bills (IMM)				
$1m points of 100%				
December	91.02	91.05	91.00	91.07
Certificates of Deposit (IMM)				
$1m points of 100%				
December	90.36	90.45	90.35	90.48
LONDON				
Three-month Eurodollar				
$1m points of 100%				
December	90.21	90.24	90.19	90.26
20-year Notional Gilt				
£50,000 32nds of 100%				
December	109-17	109-29	109-18	109-30

COMMODITIES

(London)	Dec. 8	Prev
Silver (spot fixing)	681.45p	660.80p
Copper (cash)	£1009.00	£999.00
Coffee (Jan)	£1984.00	£1987.50
Oil (spot Arabian light)	$28.27	$28.25

LONDON

Record high as festive mood grows

THE FESTIVE mood in London equity markets continued yesterday with the FT Industrial Ordinary share index hitting another record, to close at 760.2, a rise of 6.6 on the day.

Confidence was bolstered by the latest National Westminster economic and financial bulletin which reinforced the market's optimistic view of equities, but the main stimulus was further institutional activity, which encouraged smaller investors to commit funds.

Of the 30-share index constituents, BOC and ICI scored double figure gains, while four settled slightly easier, and the remainder added between 3p and 8p to their prices.

Sterling's renewed weakness inhibited trade in gilts with shorts sustaining losses up to ⅛ and longs eventually reverting to overnight levels.

Details, Page 25; Share information service, Pages 26-27.

AUSTRALIA

HIGHER GOLD and base metals prices, together with improved domestic economic figures on unemployment, housing starts and gross domestic product growth, helped shares higher in Sydney.

BHP added 25 cents to close at A$13.65, ahead of an announcement from Howard Smith that it had sold its holding of 2.65m ordinary shares for A$35.83m. The company did not say who had bought the shares.

Among gold issues, Poseidon rose 20 cents to A$4.75 and Emperor 15 cents to A$3.40, while a new listing, Electrum, opened 5 cents up at 45 cents but fell back to 40 cents.

HONG KONG

AN EARLY advance in Hong Kong gave way to selling pressure which left shares marginally lower after local investors found little new in the outcome of the latest round of Sino-British talks in Peking.

The rise had carried over from an advance by Hong Kong shares quoted in London on reports of favourable progress in the talks.

Most leading shares were unchanged although Hutchison Whampoa managed to post a 10 cent gain to HK$14.20.

SINGAPORE

ANOTHER ROUND of bargain hunting in the recently depressed Singapore market took prices higher and the Straits Times index added 10.12 to 954.72.

The actively traded Sime Darby ended unchanged at S$2.36, while Oversea Land was 5 cents lower at S$2.54.

Elsewhere, 20 cent gains were posted by Esso at S$11.10, Malayan Cement at S$8.10, Straits Trading at S$5.90 and Malayan Banking at S$9.30. The second section was also higher.

SOUTH AFRICA

IMPROVED gold share prices helped carry industrial issues to higher levels in Johannesburg yesterday.

Buffels gained R2.75 to R68.75 as Gold Fields improved R1.25 to R25.75, while Barlow Rand firmed 15 cents to R13.

Gold and foreign exchange reserves at the Reserve Bank rose to R4.01bn at the end of November compared with R3.76bn in October, partly due to the higher value of the bank's gold holdings, which rose by R40m.

The bank also announced a relaxation in banks' reserve requirements in a bid to curtail lending rate increases. The ratio of banks' liquid asset holdings to their short-term liabilities to the public is cut to a minimum 30 per cent from 40 per cent, releasing an estimated R800m for investment in higher yielding assets.

CANADA

OIL and gas issues shook off their recent weakness in Toronto but failed to offset widespread falls in other sectors leaving the composite index 13.8 down at the close.

Industrials led the decline in Montreal while banks reversed early losses to finish ahead with papers and utilities also strong. The composite index ended 1.51 lower.

TOKYO

Sharp gains as buyers return

ACTIVE BUYING spread among cyclical stocks in Tokyo yesterday and prices generally rallied, although blue chips remained dull, *writes Shigeo Nishiwaki of Jiji Press*.

The 225-issue Nikkei-Dow average rose sharply by 56.04 to 9,461.03 after the previous session's 33.80 loss. Gains outnumbered losses 384 to 286, with 187 issues unchanged. Trading increased from 274.56m shares to 315.79m.

Investors sought cyclical stocks, and printing and machine tool issues. On the preceding day, Amada fell back on reports that Bendix Automation of the U.S. had taken action against the leading Japanese metal processing machine maker for an alleged patent violation.

But as investors apparently thought the action would have little effect on Amada's business, the issue rallied Y30 to Y953 yesterday. Many other machine tools advanced.

Oji Paper gained Y23 to Y470 on a report, later denied by the company, that land owned by the group was oil-bearing.

Other paper-pulps were also bought, with Kanzaki Paper adding Y35 to Y625 and Chuetsu Pulp Y17 to Y345. This was due to the prospect that paper-pulp companies' performances would recover following a recent pickup in product prices.

Also in the plus column were Toyobo, up Y7 at Y230, Nisshin Spinning up Y20 at Y527, Dai Nippon Printing, up Y20 at Y920, and Toppan Printing, up Y18 at Y673.

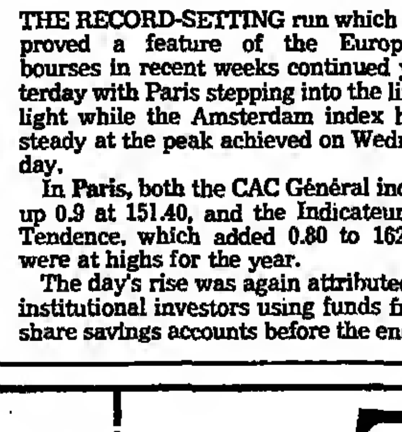
Speculative buying pushed Nachi-Fujikoshi up Y28 to Y491 against the background of an expected doubling in recurring profit for its business year ending in November 1984, as a result of brisk demand for robots. Market rumours were rife that the company would increase its capital by issuing new shares to General Motors of the U.S.

Tokio Marine and Fire rose Y11 to Y530, on continued buying by non-residents, Kawasaki Steel rose Y5 to Y171 and Nippon Steel Y3 to Y163.

However, blue chips remained unpopular, with Fuji Photo losing Y30 to Y2,010 and Toyota and Honda Y10 each to Y1,430 and Y1,100, respectively. Hitachi also shed Y8 to Y830.

On the other hand, high-priced electricals firmed. Among them were Sony to Y3,440, up Y30, and TDK to Y5,280, up Y20.

Bond prices advanced further, with the price of the benchmark 7.5 per cent government bonds maturing in January 1993 temporarily rising Y0.10 to the par of Y100. It later dipped to Y99.97, with the yield standing at 7.505 per cent compared with the preceding day's 7.525 per cent, under profit-taking by trust and city banks.



EUROPE

Paris steps into the limelight

THE RECORD-SETTING run which has proved a feature of the European bourses in recent weeks continued yesterday with Paris stepping into the limelight while the Amsterdam index held steady at the peak achieved on Wednesday.

In **Paris**, both the CAC Général index, up 0.9 at 151.40, and the Indicateur de Tendence, which added 0.80 to 162.40, were at highs for the year.

The day's rise was again attributed to institutional investors using funds from share savings accounts before the end of the year, to take advantage of tax concessions.

Against the higher trend, motors eased with Peugeot down FFr 5.70 at FFr 201.30 following the calling of a 24-hour strike at its Talbot plant in Poissy, in protest at redundancy plans.

In **Amsterdam**, shares turned mixed as profit-taking set in after four successive advances. The ANP-CBS general index, which is calulated at midsession, remained unchanged at the 148 peak set on Wednesday.

However, the market remains bouyant on the view that there could be a further rally before the end of the year.

Investment fund Robeco added Fl 1 to a new 1983 high of Fl 330 while insurer Nat-Ned added 20 cents to Fl 191.20 and the recently sought Aegon dipped Fl 1.50 to Fl 113.50 after losing morning gains.

Among internationals, KLM added Fl 5.60 to a new high for the year of Fl 190.30 while Royal Dutch was Fl 3.40 higher at Fl 138.40.

Bond prices were largely unchanged with many market participants having already closed their books for the year.

A firmer opening could not be sustained in **Frankfurt** with a lack of fresh orders leaving shares lower on the day. However, the midsession calculation left the Commerzbank index 0.8 up at 1,023.50.

Metallgesellschaft added DM 9 to DM 199 following its preliminary report and comments by the chief executive that the group expected at least to break even in the financial year to September 30, following the previous year's loss.

Banks were lower in reaction to Deutsche Bank's interim report on Wednesday. Deutsche fell DM 2 to DM 315.50, while Bayerische Vereinsbank, which announced a sharp rise in 10-month earnings, ended 50 pfg lower at DM 311.50, having touched DM 315.50 at the opening.

Bond prices ended mostly lower while the Bundesbank bought a small DM 4.6m of paper, after Wednesday's purchases of DM 7.5m.

The **Zurich** market remained near its high for the year with the Swiss Bank Corporation index 0.70 ahead on the day at 372.10, compared with Monday's peak of 372.80.

The bond market ended steady in thin trade.

Brussels ended slightly ahead with prices supported by investors taking advantage of tax concessions on new shares bought before the end of the year.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
17¾	8½	AAR	.44	3.2	18	15	13⅝	13¼	13⅝	-⅛
52⅞	29½	ACF	1.40	2.8	239	159	50½	50¼	50¼	
18¼	18¼	AMCA	n			1	18¼	18¼	18¼	
19⅝	14¼	AMF	.50	3.2		941	15¼	15⅛	15¼	+⅛
39⅞	18½	AMRCp			16	3999	36¼	35	36	-½
19½	15	AMR	pf2.18	11		16	19⅛	19½	19⅛	
40⅝	24⅞	AMR	pf2.13	5.6		4	38½	37⅞	37⅞	-⅝
16¼	3⅞	APL			22	20	15⅛	15	15⅛	-⅛
55¼	32¼	ARA	2.05	3.9	12	52	52⅞	52⅝	52⅝	-⅛
79⅝	50¼	ASA	3a	5.3		765	58⅞	56⅝	58⅞	-1½
33¼	14	AVX	s .32	1.2	42	124	27⅜	27½	27⅜	+⅛
53⅞	36⅞	AbtLab	1	2.2	17	3098	45¼	44½	44⅞	-¼
30⅞	23¼	AccoW	n .60	2.3	18	22	26¼	25½	26½	+¼
27½	16⅝	AcmeC	.40	1.5		147	26⅜	25¼	25⅞	-⅛
14⅞	7⅞	AcmeE	.32b	2.6	606	23	12⅛	12⅛	12⅛	
24⅞	6⅞	AdmDg	.04	.2	16	14	20⅝	20⅝	20⅝	
18⅝	15	AdaEx	1.72e	9.5		30	18⅛	18¼	18¼	
19⅝	7⅛	AdmMl	.24	1.5	8	10	15⅝	15⅝	15⅝	-¼
18⅝	8⅛	Advest	.12	.9	8	155	13⅛	13	13¼	-¼
35½	11½	AMD	s		58	2778	34¼	33	33¼	-1¼
24⅝	12⅝	Aeflex	s		17	32	16⅛	16¼	16¼	+⅛
43½	32⅞	AetnLf	2.64	7.1	10	6277	37	36⅝	37	+⅛
65	55¼	AetL	pf5.09e	8.8		83	58⅛	58	58	-⅛
40½	22½	Ahmns	1.20	4.1	8	1616	29¼	28¼	29	-⅛
7½	2¼	Aileen				208	5⅛	5⅛	5¼	
51	31	AirPrd	1	2.2	13	305	46¼	45⅞	46¼	
30⅞	13⅞	AirbFrt	.60	2.1	23	70	29	28⅞	28	
2⅞	1½	AlMoa	s		22	860	2⅞	2¼	2½	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

JAPAN

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

BASE LENDING RATES

A.B.N. Bank	9 %
Allied Irish Bank	9 %
Amro Bank	9 %
Henry Ansbacher	9 %
Arbuthnot Latham	9 %
Armco Trust Ltd.	9 %
Associates Cap. Corp.	9½%
Banco de Bilbao	9 %
Bank Hapoalim BM	9 %
BCCI	9 %
Bank of Ireland	9 %
Bank Leumi (UK) plc	9 %
Bank of Cyprus	9 %
Bank of Scotland	Ω9 %
Banque Belge Ltd.	9 %
Banque du Rhone	10 %
Barclays Bank	9 %
Beneficial Trust Ltd.	10 %
Bremar Holdings Ltd.	9 %
Brit. Bank of Mid. East	9 %
■ Brown Shipley	9 %
CL Bank Nederland	9 %
Canada Perm't Trust	10 %
Castle Court Trust Ltd.	9½%
Cayzer Ltd.	9 %
Cedar Holdings	9 %
■ Charterhouse Japhet	9 %
Choulartons	10½%
Citibank Savings	§10½%
Clydesdale Bank	9 %
C. E. Coates	9½%
Comm. Bk. of N. East	9 %
Consolidated Credits	9 %
Co-operative Bank	* 9 %
The Cyprus Popular Bk.	9 %
Dunbar & Co. Ltd.	9 %
Duncan Lawrie	9 %
E. T. Trust	9½%
Exeter Trust Ltd.	10 %
First Nat. Fin. Corp.	11 %
First Nat. Secs. Ltd.	10½%
Robert Fraser	10 %
Grindlays Bank	‡ 9 %
■ Guinness Mahon	9 %
■ Hambros Bank	9 %
Heritable & Gen. Trust	9 %
■ Hill Samuel	§ 9 %
C. Hoare & Co.	† 9 %
Hongkong & Shanghai	9 %
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	9½%
Lloyds Bank	9 %
Mallinhall Limited	9 %
Edward Manson & Co.	10 %
Meghraj and Sons Ltd.	9 %
Midland Bank	9 %
■ Morgan Grenfell	9 %
National Bk. of Kuwait	9 %
National Girobank	9 %
National Westminster	9 %
Norwich Gen. Tst.	9 %
R. Raphael & Sons	9 %
P. S. Refson & Co.	9 %
Roxburghe Guarantee	9½%
Royal Trust Co. Canada	9 %
Standard Chartered	‖ 9 %
Trade Dev. Bank	9 %
TCB	9 %
Trustee Savings Bank	9 %
United Bank of Kuwait	9 %
United Mizrahi Bank	9 %
Volkskas Intnl. Ltd.	9 %
Westpac Banking Corp.	9 %
Whiteaway Laidlaw	9½%
Williams & Glyn's	9 %
Wintrust Secs. Ltd.	9 %
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months 9.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account — 2.75%. Effective annual rate — 8.11%.

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

	Dec 8	Dec 7	Dec 6
Issues traded	2017	2028	2027
Rises	639	885	758
Falls	987	736	842
Unchanged	381	407	427

MONTREAL

	Dec 8	Dec 7	Dec 6	Dec 5	1983 High	1983 Low
Industrials	445.25	448.23	448.86	458.86	483.88(5/5)	329.12(4/1)
Combined	428.32	429.83	429.77	438.29	441.29(28/9)	318.46(5/5)
TORONTO Composite	2535.4	2540.2	2536.8	2540.2	2598.2(28/9)	1948.8(4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

SWITZERLAND SwissBankCpn. (31/12/58)	372.1	371.4	371.5	372.9	372.8 (5/12)	284.4 (4/1)
WORLD Capital Intl. (1.1.70)	—	181.6	181.5	181.8	185.8 (10/10)	154.3 (6/1)

(**) Saturday Dec 3: Japan Nikkei-Dow 9406.50. TSE 695.09.
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Festive mood continues and more measurements of equity trend hit record levels

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 29	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

The festive mood in London equity markets continued yesterday. Seasonal influences, which traditionally restrict trade on the approach of Christmas, were notably absent owing mainly to renewed institutional activity. The latter encouraged smaller investors to place funds and the combination caused leading shares to tread new high ground. Many measurements of the trend achieved best-ever levels including the FT Industrial Ordinary 30-share index, up 6.6 at 760.2, the FT-Actuaries Industrial Group (484-shares), 0.9 per cent higher at 460.29, and the 750 FT-A All-Share index, which rose 1 per cent to 468.03.

Bolstering confidence and re-inforcing the current optimistic view of equities was the latest NatWest economic and financial bulletin; although slightly less optimistic than recent Treasury findings, it concluded that UK prospects were the best for a decade. Reports that Opec Ministers were broadly in agreement over the need for tighter output controls and stable oil prices also stimulated sentiment.

Institutional operators were again selective in their approach, concentrating on companies having recently reported, or about to announce, trading statements. The flow of good company profits continued yesterday with **BOC International** adding to the growing list of highly regarded candidates. But investors remained quick to change allegiance if any group failed to match expectations; **Pilkington Bros.**, down 13 for a two-day fall of 33 to 225p, provided a good example.

Of the 30-share index constituents, only **BOC** and **ICI** managed double-figure gains while four actually settled slightly easier on the day. Away from the equity sectors, Financials returned to prominence as revived speculation about U.S. bid possibilities.

Sterling's renewed weakness inhibited trade in Government securities. The trend in U.S. bond values was closely watched, but Wednesday's unexpected new UK official funding of £500m in taplets was not thought to be a deterrent to investment. Longer-dated issues slipped ¼, and sometimes ⅜, before reverting to overnight levels, while the shorts sustained losses limited to ⅛.

Hill Samuel good

Hill Samuel returned to prominence among merchant banks, rising 15 to 320p on speculative demand fuelled by revived talk of a U.S. bid. **Minster Assets** attracted support at 103p, up 6, while **Kleinwort Benson**, 347p, and **Mercury Securities**, 480p, firmed 5 apiece. **Henry Ansbacher**, on the other hand, relinquished 4 to 71p following sporadic offerings in an unwilling market. Elsewhere, buyers returned for **Bank of Scotland** and, with stock in short supply, the close was 17 higher at 670p, after 673p. **Royal Bank of Scotland** continued firmly at 172p, up 6.

Currency considerations helped the spotlight in Insurances to swing from Composites to Lloyds brokers. **C. E. Heath**, 333p, and **Stewart Wrightson**, 276p, advanced 13 apiece, while **Sedgwick** gained 11 to 238p and **Willis Faber** 10 to 655p. Elsewhere, **Eagle Star** touched an all-time peak of 715p before closing a couple of pence better on balance at 709p, still on hopes of an increased bid from Allianz. **Phoenix** improved 3 to 386p on further consideration of the third-quarter figures.

MME Facilities, which provides TV and video production services, made a quiet debut in the Unlisted Securities Market, the shares opening and closing at the placing price of 40p after briefly touching 41p. VDU manufacturers **Pericom**, which staged a successful USM debut on Wednesday, attracted fresh support and gained 11 to 161p compared with the placing price of 140p. **Aspinall Holdings** encountered occasional buying and hardened 3 to 145p.

Bass announced preliminary profits at the top end of market estimates and were immediately marked up to 336p; to the disappointment of dealers however, follow-through interest was lacking and the shares consequently slipped steadily to 326p before reverting to the previous day's close of 330p. The lack of enthusiasm spread to other leading Breweries although **Allied-Lyons** attracted late support and hardened a couple of pence to 149p. **Grand Metropolitan** provided a noteworthy exception and advanced 7 more to 345p on consideration of the group's overseas earnings potential in the light of weaker sterling; the preliminary results are scheduled for December 22.

Blue Circle, dull on Wednesday on the industry's denial of imminent price increases, regained composure and firmed 5 to 430p. Other leading Buildings were in good form, **Redland** rising 5 to 261p, **Tarmac** 8 to 424p and **Ready Mixed Concrete** 7 to 397p, the last-named following a broker's circular. Buyers were also interested in **BPB Industries**, 6 dearer at 273p and **London Brick**, 3 to the good at 104p. Timber issues made a bright showing reflecting new-time interest ahead of some important trading statements; **Meyer International**, interim figures due next Tuesday, firmed 3 to 160p, while **Phoenix Timber**, also reporting next week, gained 4 to 90p. **James Latham**, up 40 on Wednesday following the good half-year figures, encountered profit-taking and relinquished 10 to 205p. Elsewhere, **Vectis Stone** firmed 2 to a 1983 peak of 29p in response to satisfactory annual results.

ICI continued the recent remarkable run, rising steadily to close 10 up at a fresh peak for the year of 656p. More-than-doubled interim profits lifted **British Tar Products** 4 to 63p, while revived support prompted a useful rally in recently-dull **Amersham International**, which gained 10 to 215p. **Leigh Interests** met with occasional support and firmed 3 to 91p, but **James Halstead** shed that much, to 74p.

Gussies good

Leading Stores responded to selective investment support, although certain gains were exaggerated by short shortage. **Gussies A** rose 10 to 615p on first-half profits matching best expectations. **House of Fraser** attracted a lively new-time business and also advanced 10, to 228p, and **Woolworth** continued to respond to persistent demand in a restricted market and closed 12 to the good at 333p. Newsagents again came in for sporadic support with **W. H. Smith A** adding a couple of pence more at 148p, after 150p. **John Menzies** firmed 5 for a three-day rise of 18 at 303p, while **Martin**, annual results due next Monday, hardened a few pence to 163p. **J. Hepworth** were wanted and improved 6 to a 1983 high of 216p, while late support lifted **Executive Clothes** 3 at 40p. Revived takeover speculation prompted gains among mail-orders, among which **Grattan**, 60p, and **Empire**, 64p, rose 4 apiece. **I. D. & S. Rivlin** closed 3 dearer at 60p; **British Car Auction** and **Hawley** have both purchased another 50,000 shares apiece and now hold 14.2 per cent and 13.5 per cent respectively and have also announced that they are acting in concert.

Leading Electricals contributed to the general buoyancy. **Racal** continued firmly at 206p, up 5, while **Thorn EMI** closed with a gain of 8 to 645p and improvements of 3 and 4 respectively were seen in **GICC**, 233p, and **Plessey**, 220p.

Activity in the Engineering sector centred on companies making trading statements. **Frederick Cooper** put on 3 to 35p in response to the increased annual profits and dividend, but **Mitchell Somers**, reflecting the slump in half-year profits, fell 5 to 39p. Up to 96p initially on the interim results, **Edbro** came back to close 4 cheaper on balance at 92p. A good market earlier in the week on the interim figures, **A. Cohen** encountered scattered profit-taking and reacted 10 to 360p, while occasional profit-taking was also responsible for a loss of 3 to 99p in **Wagon Industrial**. In contrast, **Williams Holdings**, the subject of recent Press mention, edged up 3 more to a peak for the year of 137p.

BOC better

Recently-neglected **Tesco** responded to revived investment buying and rose 5 to 171p. **Unigate**, interim results due next Thursday, firmed 3 to 116p. Elsewhere in the Food sector, potato merchants and growers **J. E. England** put on 6 to 27p on speculative interest, but recently firm **Glass Glover** came back 8 to 242p in the absence of fresh support. Elsewhere, **Alpine Soft Drinks** hardened a penny to 27p despite the interim loss and dividend cut.

The miscellaneous industrial leaders featured by **BOC** which closed 14 higher at 260p, after 243p, in response to the satisfactory preliminary figures; sentiment was also helped yesterday by sterling's continuing weakness which helps the group's heavy export involvement. **Unilever** put on 5 to 890p, while recent favourite **BTR** hardened a few pence more to 415p, after 417p. **Pilkington**, however, fell 13 more for a two-day relapse of 33 at 225p following comment on the interim statement. Elsewhere, **Sidlaw** reflected impressive results with a rise of 23 to 453p, while **London and Midland** also drew strength from increased profits and closed 11 to the good at 123p.

Talk of a possible "shell" operation lifted **Wolverhampton Steam Laundry** 11 further to 149p, after 152p. Comment on the excellent results and proposed 50 per cent scrip-issue left **Hanson Trust** 11 dearer at 264p, while **Granada A** moved up 6 to 170p also after comment on the figures. **English China Clays** gained 4 to 212p ahead of next Thursday's results. Investment buying lifted **BET** 8 to 270p and **Hollis Bros** and **ESA** revived with an improvement of 3 at 36p. Australian giant **Broken Hill Proprietary** rose 18 to 858p following the announcement that Howard Smith LTD has sold its 2.65m shares in the company. **Metamec Jentique** cheapened 1½ to 10½p on the increased annual deficit. **Ecobric** came on offer and fell 8 to 65p, after 60p.

Fairline Boats touched 41p before closing 2 dearer on balance at 40p following the return to profitability and cheerful statement.

Motor Distributors featured **Caffyns**, which attracted a lively business ahead of Monday's half-timer and advanced to 158p before settling only 3 up on balance at 150p. **Hartwells**, recently the subject of a broker's visit, firmed a few pence at 87p.

Publishers trended firmer under the lead of **Fleet Holdings**, 5 better at 121p. **Associated Newspapers**, annual results due early in the new year, rose 10 at 363p. Advertising agencies remained mixed. **Saatchi and Saatchi's** doubled annual profits and 45 per cent dividend increase left the shares 5 dearer at 545p, after 550p, **Geers Gross**, on the other hand, again lacked support and shed 4 more to 96p.

Selective demand was again forthcoming for Properties. **MEPC** rose 5 to 278p and **Land Securities** edged up a couple of pence to 364p. Outside of the leaders, **Gable House**, dealt in the Unlisted Securities Market, gained 4 to a high for the year of 63p following good preliminary results. **City Site Estates**, also traded in the USM, put on 4 to 40p.

Reflecting firmness in the equity sectors, Trusts made progress with **Gresham House** rising 13 to 200p, **Independent** 7 to 290p and **Leda Capital** a like amount to 100p. Financials were noteworthy for gains of around 10 in **Mercantile House**, 404p, and **Mills and Allen**, 375p.

Optimism about a favourable outcome of the OPEC discussions on prices and output levels encouraged a technical rally in the Oil sector. **Shell** lead the way with a gain of 12 to 572p, while **BP** picked up 4 more at 398p, with the new shares similarly dearer at 170p. **Lasmo** put on 9 to 260p and **Britoil** 4 to 196p. Irish exploration issues had another relatively lively session, **Atlantic Resources** closing 5 cheaper at 710p, after having been up to 730p, while **Aran** put on 4 to a peak for the year of 80p. Elsewhere, **Sun (UK) Royalty** remained a nervous market and closed 10 cheaper at 115p.

Golds improve

The improvement in the bullion price, which spent the day above the $400 level and closed $2.25 to the good at $402.125 an ounce, encouraged good demand from the Continent for leading South African Golds; gains among the leaders stretched to a point and more. **Buffels** were outstanding with a rise of 1½ to £39¼, while **Randfontein Estates** at £93⅝ and **Vaal Reefs** at £75 both closed 1⅝ better.

Advances of a full point were common to **Kinross** at £15¼, **Kloof** at £32½ and **Southvaal** at £39⅝.

Winkelhaak at £30¼, **Hartebeest** at £50⅛, **Western Deep Levels** at £35¼, **Free State Geduld** at £26¼, **President Steyn** at £31¼ and **Unisel** at £10¼ were all between ½ and a point to the good.

Among the medium and lower-priced issues, **West Rand Consolidated** put on 27 to 524p, while **Ergo** at 527p and **Zandpan** at 583p both closed more than 20 up.

Some small offerings were reported from South Africa, but in general the market was still short of stock. The Gold Mines Index rose 11.5 to 592.3, its highest for six weeks.

Gold-based South African Financials mostly gained ground, where changed, as in **Anglo American**, ⅛ up at £12⅞. **Amgold**, ⅛ firmer at £77⅞ and **Gold Fields of South Africa**, a similar amount to the good at £14⅛. **Anglovaal** went against the trend with a decline of ½ to £36.

Platinums recovered some ground in sympathy with the rises in Golds, with **Impala** and **Rustenburg** both 20 to the good at 920p and 775p respectively. **Lydenburg** gained 10 to 565p.

De Beers firmed in Diamonds, with a rise of 6 to 548p. **Consolidated Gold Fields** became a good market among otherwise quiet London Financials, with a gain of 6 to 533p, after a recommendation. **Rio Tinto-Zinc** put on 5 to 603p and **Hampton Areas** finished 2 harder at 215p.

Golds shone among the Australians, with **Gold Mines of Kalgoorlie**, 660p, and **Poseidon**, 295p, both 10 higher. **Whim Creek** gained 8 to 192p, and **Carr Boyd** closed 5 up at 86p.

Among the leaders, **Peko-Wallsend** recouped much of the recent fall with a gain of 8 to 386p, while **Western Mining** rose 5 to 262p, and **Renison** 4 to 237p.

Emperor were the best of the more speculative gold stocks, closing 17 higher at 215p.

The marked resurgence of institutional interest in London equities spilled over to Traded Options which attracted 3,438 contracts—the highest for three weeks. **Courtaulds**, still buoyed by the prospect of a recommendation from New York broker Merrill Lynch, attracted an active 689 calls, with 242 struck in the January 130's, and 167 puts. **Grand Metropolitan** recorded 219 calls and 116 puts, while interest revived in **Hanson Trust** positions in the wake of the annual profits and proposed scrip issue to record 652 calls with 243 transacted in the December 260's, 2½ better at 7½p.

FINANCIAL TIMES STOCK INDICES

	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 2	Dec. 1	year ago
Government Secs.	85.28	83.55	83.00	82.98	83.18	83.55	78.07
Fixed Interest	86.41	86.41	86.27	86.16	86.20	86.18	80.91
Industrial Ord.	730.2	733.2	748.2	742.0	741.3	741.1	677.7
Gold Mines	302.3	580.8	583.0	579.5	580.5	362.4	496.0
Ord. Div. Yield	4.60	4.63	4.63	4.69	4.08	4.68	5.16
Earnings, Yld.% (full)	0.45	9.53	0.58	9.60	9.63	0.64	11.06
P/E Ratio (net) (*)	12.86	12.72	12.72	12.62	12.66	12.65	10.86
Total bargains.	23,109	20,046	20,734	20,043	12,215	12,822	02,363
Equity turnover £m.	—	208.72	218.51	287.08	245.87	250.11	184.11
Equity bargains	—	18,172	17,810	18,740	10,747	17,300	18,853
Shares traded (mil.)	—	132.3	137.4	140.6	130.8	158.6	128.2

10 am 758.4. 11 am 759.8. Noon 761.0. 1 pm 761.0
2 pm 761.0. 3 pm 761.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.12.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.41 (7/12)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	760.2 (8/12)	598.4 (12/1)	760.2 (8/12/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 7	Dec. 6
—Daily		
Gilt Edged Bargains	181.0	173.4
Equities Bargains	117.7	115.4
Value	401.2	445.7
5-day Avrge		
Gilt-Edged Bargains	178.0	170.8
Equities Bargains	115.1	114.5
Value	458.5	466.7

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section		Thurs Dec 8 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Dec 7 Index No.	Tues Dec 6 Index No.	Mon Dec 5 Index No.	Fri Dec 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	[illegible]	+0.8	9.85	3.80	14.22	462.06	460.43	456.98	454.03	410.32
2	Building Materials (24)	[illegible]	+0.9	10.97	4.67	11.39	444.22	447.55	447.55	443.95	384.62
3	Contracting, Construction (30)	[illegible]	+0.2	13.99	5.31	8.91	672.53	671.26	670.37	673.91	698.21
4	Electricals (38)	[illegible]	+1.0	7.99	2.30	16.29	1660.31	1665.27	1647.08	1637.16	1599.79
5	Engineering Contractors (10)	[illegible]	+0.7	13.00	6.47	9.19	426.53	423.77	422.77	421.66	443.03
6	Mechanical Engineering (59)	[illegible]	+0.2	11.43	5.42	10.82	207.30	203.97	203.29	201.15	190.62
8	Metals and Metal Forming (9)	[illegible]	+0.6	11.00	6.92	11.05	168.61	168.02	167.68	167.54	138.61
9	Motors (17)	[illegible]	−0.1	1.46	4.50	—	120.60	119.52	119.70	119.37	72.87
10	Other Industrial Materials (16)	[illegible]	+0.9	5.30	3.79	25.01	586.54	571.38	568.99	554.29	352.31
21	CONSUMER GROUP (197)	[illegible]	+0.7	10.40	4.34	11.77	456.32	453.73	452.08	452.66	392.06
22	Brewers and Distillers (23)	457.87	+0.8	12.52	5.06	0.96	454.37	449.98	444.75	447.38	428.10
25	Food Manufacturing (22)	362.50	+0.7	12.76	5.59	9.14	360.01	359.39	358.97	358.44	320.48
26	Food Retailing (13)	1068.85	+0.7	7.55	2.64	16.98	1061.09	1057.24	1043.67	1051.03	837.31
27	Health and Household Products (9)	741.00	—	6.37	2.97	18.45	741.13	741.42	736.17	742.16	662.79
29	Leisure (23)	596.39	+0.8	8.53	4.58	15.15	591.56	583.25	584.27	586.23	438.73
32	Newspapers, Publishing (15)	1012.74	+0.7	8.58	4.70	14.08	1005.60	1003.97	1004.47	997.27	583.71
33	Packaging and Paper (14)	208.96	+0.3	11.44	4.87	10.78	208.26	207.29	209.11	208.22	143.14
34	Stores (47)	427.60	+1.4	8.37	3.63	16.62	421.62	417.73	417.41	417.98	369.23
35	Textiles (20)	249.97	+0.3	12.05	4.75	9.61	249.11	247.11	246.89	245.22	170.13
36	Tobaccos (3)	464.75	+0.6	21.44	6.88	5.22	462.20	462.20	464.18	456.25	434.42
39	Other Consumer (8)	448.90	+0.2	10.04	5.60	—	447.81	445.29	443.35	445.44	324.61
41	OTHER GROUPS (94)	417.75	+1.4	8.82	4.18	15.67	411.98	411.05	410.12	409.86	276.47
42	Chemicals (16)	621.96	+1.9	7.30	4.87	17.96	610.09	608.76	606.11	610.02	368.01
44	Office Equipment (6)	110.40	−0.3	8.71	4.66	14.31	110.85	111.33	111.88	110.40	83.48
45	Shipping and Transport (14)	793.93	+0.2	8.00	5.11	16.90	792.68	796.82	795.39	793.68	497.10
46	Miscellaneous (40)	530.02	+1.3	8.69	4.82	15.81	523.04	520.52	519.97	516.86	389.19
49	INDUSTRIAL GROUP (484)	460.29	+0.9	9.58	4.14	13.01	456.39	454.36	452.25	451.57	382.90
51	Oils (16)	933.61	+1.5	11.98	6.35	10.14	920.19	913.02	916.71	943.99	697.98
59	500 SHARE INDEX	499.87	+1.0	9.97	4.59	12.45	495.16	492.70	491.08	492.79	409.01
61	FINANCIAL GROUP (123)	370.56	+1.0	—	5.21	—	366.89	366.94	363.10	368.47	263.15
62	Banks (6)	389.18	+0.6	22.24	6.58	4.88	386.96	383.76	379.97	375.47	285.07
63	Discount Houses (8)	334.19	−0.2	—	8.16	—	334.73	334.73	336.12	335.01	268.66
65	Insurance (Life) (9)	497.29	+1.4	—	4.52	—	491.04	492.09	486.69	484.42	351.11
66	Insurance (Composite) (10)	254.69	+1.1	—	6.03	—	252.01	254.34	251.75	248.58	171.45
67	Insurance Brokers (7)	639.93	+3.3	10.70	4.55	12.79	619.12	618.36	614.24	613.47	446.94
68	Merchant Banks (12)	219.27	+1.4	—	4.21	—	216.35	216.75	217.51	218.32	151.40
69	Property (53)	535.16	+0.5	5.61	3.63	23.81	532.32	533.75	525.70	521.74	398.91
70	Other Financial (28)	261.63	+1.3	10.53	5.18	11.44	258.38	256.23	253.15	254.33	177.84
71	Investment Trusts (108)	470.31	+1.0	—	3.70	—	465.65	462.70	459.47	457.87	343.08
81	Mining Finance (4)	289.24	+0.9	9.12	5.04	13.45	286.74	283.29	284.79	285.01	223.28
91	Overseas Traders (15)	487.32	+0.5	7.86	7.69	18.14	485.11	482.47	483.53	480.88	366.54
99	ALL-SHARE INDEX (750)	468.03	+1.0	—	4.62	—	463.59	461.60	459.51	459.98	370.73

FIXED INTEREST

PRICE INDICES		Thurs Dec 8	Day's change %	Wed Dec 7	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.86	−0.06	118.13	0.19	10.73
2	5-15 years	133.08	+0.00	133.29	0.21	12.61
3	Over 15 years	143.23	+0.03	143.69	0.51	13.85
4	Irredeemables	151.85	—	151.85	—	13.57
5	All Stocks	131.13	−0.01	131.41	0.26	12.13
6	Debentures and Loans	107.92	+0.05	107.88	—	10.53
7	Preference	88.79	−0.06	88.84	—	6.30

AVERAGE GROSS REDEMPTION YIELDS			Thurs Dec 6	Wed Dec 7	Year ago (approx)
	British Government				
1	Low	3 years	9.31	9.31	9.12
2	Coupons	15 years	0.91	9.90	10.58
3		25 years	9.67	9.65	10.85
4	Medium	3 years	10.92	10.88	11.77
5	Coupons	15 years	10.57	10.58	11.79
6		25 years	10.07	10.04	11.38
7	High	5 years	11.04	11.01	11.85
8	Coupons	15 years	10.73	10.74	11.93
9		25 years	10.17	10.15	11.44
10	Irredeemables†		9.67	9.67	10.88
11	Debs & Loans	5 years	11.42	11.43	12.53
12		15 years	11.47	11.47	12.35
13		25 years	11.51	11.52	12.34
14	Preference†		12.22	12.21	12.87

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	Mar Vol.	Mar Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	8	17.90	17	30	2	41	$401
GOLD C	$425	11	6.50	11	15.50	50	87	"
GOLD C	$450	52	3	10	8	—	—	"
GOLD P	$330	—	—	40	2	—	—	"
GOLD P	$375	42	3	6	5	—	—	"
GOLD P	$400	15	8	7	10	8	12	"
GOLD P	$425	—	—	87	20	—	—	"
GOLD P	$450	—	—	24	48	—	—	"
		Dec.		March		June		
SILV C	$9	11	0.90	6	1.30	2	1.80	$8.93
SILV C	$10	25	0.11	1	0.80	25	1.20	"
SILV C	$11	—	—	14	0.40	—	—	"
SILV C	$12	—	—	12	0.25	20	0.60	"
SILV C	$13	—	—	101	0.20	—	—	"
SILV P	$8	—	—	3	0.25	—	—	"
SILV P	$9	—	—	2	0.49	—	—	"
SILV P	$10	—	—	1	0.90 B	2	1 B	"
		Jan.		April		July		
AH C	F.190	1	2.10	34	0.50	—	—	F.182.30
AH P	F.170	49	0.90	20	2.30	—	—	"
AKZO C	F.80	63	9.70	36	13	8	15.60	F.88.70
AKZO C	F.90	159	3	96	7.10	21	9.60	"
AKZO C	F.100	107	0.90	161	5.40	15	5.60	"
AKZO P	F.80	100	5 B	184	5.50	28	7	"
AMRO C	F.60	65	5.50	40	3.30	—	—	F.66.30
AMRO C	F.65	103	0.30	81	2.50	14	3.80	"
AMRO C	F.70	50	0.40 A	7	1.40	—	—	"
AMRO P	F.55	42	0.40	—	—	10	1.80	"
AMRO P	F.60	00	1.60	150	6.30	12	4	"
AMRO P	F.65	22	3	50	4.50	—	—	"
HEIN C	F.130	112	4.30	8	9.50	—	—	F.127.60
HOOG C	F.40	137	2.70	43	4.40	35	6.30	F.40.90
HOOG C	F.45	—	—	50	3	10	4.50	"
KLM C	F.160	163	31	26	36	10	30 B	F.190.30
KLM C	F.170	194	22	25	28.50	—	—	"
KLM C	F.180	295	13	31	21	5	23 B	"
KLM C	F.190	443	6.80	143	15.30	8	17.50	"
KLM P	F.160	123	0.20	1	1.60 A	1	4	"
KLM P	F.170	106	0.40	71	2.70	—	—	"
KLM P	F.180	223	1.80 B	97	4.50	4	7.50	"
KLM P	F.190	243	5	69	8	—	—	"
NATN C	F.180	34	14.50	—	—	—	—	F.191.20
NATN C	F.190	39	7	62	10	5	15.50	"
NATN P	F.190	40	5	4	5	—	—	"
PHIL C	F.40	154	1.80	117	4.50	31	5.30	F.41
PHIL C	F.45	420	0.70	344	2.20	413	3.20	"
PHIL C	F.50	332	0.30	55	1.40	149	117	"
PHIL C	F.55	9	0.10	194	0.70	—	—	"
PHIL P	F.40	271	1.20	73	2.50	20	5.20 B	"
PHIL P	F.45	58	4.80 B	22	3.20 B	11	6	"
PHIL P	F.50	119	9.70	60	9.30 B	63	10.20 B	"
RD C	F.120	40	19	20	23 A	2	25	F.138.40
RD C	F.130	407	10.40	51	14.50	9	16	"
RD C	F.140	743	4	241	8.30	106	10.50	"
RD C	F.150	756	1.50	647	4.20	—	—	"
RD P	F.120	55	0.50	120	0.80	—	—	"
RD P	F.130	356	0.80	5	2	68	4.50	"
RD P	F.140	202	4.30	114	5.60	—	—	"
UNIL C	F.240	63	11.50	10	17.50	—	—	F.249.50
EOE C	F.150	2	5.30	—	—	—	—	F.154.94

TOTAL VOLUME IN CONTRACTS: 20,858

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
¶120	F.P.	28/11	128	103	✠Acorn Computer 1p	117	.....	—	—	—	12.8
115	F.P.	13/12	170	135	✠Aspinall Hldgs 10p	145	+5	bg5.0	5.7	3.0	28.1
53	F.P.	21/12	34	52	✠Brewmaker 1p	33	.....	—	—	—	17.1
¶435	200	10/2	220	158	Brit. Petroleum	170	+4	20.25	1.0	7.1	11.3
¶270	100	—	102	96	Cable & Wireless 50p	102	+2	h3.47	3.5	7.7	4.4
¶105	F.P.	28/10	112	107	Coin Inds. 10p	112	...	3.5	2.4	4.2	14.1
†73	F.P.	12/12	87	78	✠Edinb'gh Fd.Man 5p	87	+1	bg1.8	8.8	3.0	17.0
87	F.P.	30/11	109	87	Europ'n Assets DFl. 1	109	.....	Q10%	1.0	6.0	—
§54	F.P.	14/12	34	49	✠Federated Hous'g 5p	49	−1	b2.45	2.4	7.1	8.2
‡IR77	F.P.	25/11	66	62	✠Flogas 10p	64	....	uQ5.8%	3.6	3.6	18.4
‡125	F.P.	10/12	127	113	✠FrenchConnect'n 5p	127	+1	bd5.9	2.7	4.4	11.6
§81	F.P.	20/11	91	70	✠Imtec Group 10p	75	.....	u2.1	2.5	4.0	11.3
§40	F.P.	23/11	46	44	✠Laidlaw Group 10p	46	.....	b2.5	2.6	7.8	6.3
¶220	F.P.	18/2	265	226	Logica 10p	260	−2	u1.0	5.9	0.0	33.7
¶130	F.P.	—	155	150	Ldn. & Edin'gh Tst. 10p	160	.....	b3.23	2.3	3.0	0.4
§40	F.P.	—	41	40	✠MME Facilities 10p	40	.....	b0.7	5.5	2.5	13.6
§88	F.P.	10/1	101	93	✠Mebon 10p	93	.....	b3.4	8.0	5.2	13.0
§90	F.P.	16/12	109	27	✠Page (Michael) 5p	100	+1	b1.4	2.3	1.8	23.6
§140	F.P.	—	161	146	✠Pericom 10p	161	+11	u1.7	4.9	1.5	16.5
§85	F.P.	21/12	105	93	✠Peters (Michael)	98	.....	u1.70	1.7	2.6	26.8
§26½	F.P.	6/1	30	27	✠Protimeter 5p	50	.....	u0.7	2.7	3.3	15.7
§100	F.P.	13/1	93	20	✠Tay Homes	92	−1	u4.1	2.1	6.4	2.4
185	F.P.	11/11	246	214	Telemetrix 5p	246	....	b1.4	5.5	0.8	32.0
¶110	F.P.	12/12	138	108	✠V. W. Thermax	137	+2	u3.23	1.8	5.5	17.3
§IR84	F.P.	2/12	183	173	✠Woodchstr Inv. IR20p	173	.....	Q10.3%	4.1	1.7	15.0
—	F.P.	—	02	24	Witan Invs. Wrrnts	20	+1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
23.756	£25	15/2	30⅛	25¾	Australia 11⅜ pc. Ln. 2015	29¼	−⅛
100	F.P.	2/1	106	101½	Bristol Waterworks 6.3% Red. Prf. 1988	102	.....
99	£10	—	10½	9½	Colne Valley Water 6% Red. Prf. '00	10	.....
‡‡	F.P.	9/2	120	115	Crystalate 8¼% Cnv. Ln. 2003	120	+1
99.15	£25	—	26¾	25¾	Ell (U.K.) 12¼% Uns. Ln. '01	23¼	.....
—	F.P.	—	105	101	External Inv. 8% Cnv. Ln. 2003-08	105	+2
‡‡	F.P.	6/1	107p	96p	Fisher (A.) 7% Cnv. Prf.	107p	.....
100	F.P.	27/1	90½	80	Gen. Finance H/V 11.51% Ln. 2007	90½	.....
98.714	£50	26/4	32⅝	50	Int. Bk. for Rec. & Dev. 11.5% Ln. 2005	51¾	−⅛
97.238	£23	23/1	02⅞	23	Ireland 12½% 2008	28⅝	−⅛
¶100p	F.P.	9/12	114p	100p	LASMO 9⅝% Cum Red Pref	112½p	+½
‖	£50	10/11	46	50½	Lon. Shop Prop. 9pc Cnv. 94/99 Ser II	46	.....
§100	£10	—	11⅛	10¾	Mid Kent Wtr. 10pc. Red Deb. 1993	11½	.....
—	F.P.	—	100⅝	99⅞	Nationwide 10⅛% Bds. 8/10/84	100	.....
—	F.P.	—	100¼	100	Do. 10¼% Bds. 3/11/84	100	.....
—	F.P.	—	100⅛	99⅞	Do. 10⅛% Bds. 3/12/84	100	.....
100	£10	3/2	12	10	Sund'ld + S.Shields Wtr 6½pc RPF, 1989	12	.....
†100	£10	—	11½	10¾	Tend. Hundred Wtr. 10pc Red Deb 1993	11½	.....
¶99½	£10	—	12	11½	West Kent Wtr. 6.25pc Red Pref. 1988	12	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
345	Nil	—	—	75pm	45pm	✠Air Call	75pm	+5
140	Nil	—	21/12	10pm	4pm	Aitken Hume	4pm	.....
7	F.P.	—	16/12	10	7¾	Amal. Estates 3p	10	.....
58	F.P.	—	13/12	70	64	Arrow Chemicals	73	.....
82	Nil	—	16/12	11pm	6pm	Barget	11pm	+1
82	F.P.	—	8/12	90	86	Cartwright (R.) 10p	90	.....
60	F.P.	—	15/1	71	66	Charterhall 5p	71	.....
100	Nil	—	15/12	21pm	15pm	Heywood Williams	21pm	.....
25	F.P.	—	30/12	30	28	Manson Fin. 20p	30	.....
23	Nil	—	15/12	5pm	5pm	Philcom 10p	5pm	.....
80	Nil	—	16/1	8pm	5pm	✠Pineapple Dance 10p	5pm	−1
85	F.P.	—	4/1	107	80	Ward White	104	.....
‖	—	—	21/11	170	135	Western Mining Options	170	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Φ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ✠ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✠ Unlisted Securities Market. * Comprising of 10 New ordinary plus 1 Series B Warrant.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (182)

LOANS (1)
AMERICANS (17)
CANADIANS (1)
BANKS (8)
BUILDINGS (3)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (4)
ENGINEERING (7)
FOODS (8)
INDUSTRIALS (15)
INSURANCE (7)
LEISURE (2)
MOTORS (1)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (12)
SHOES (1)
TEXTILES (1)
TRUSTS (73)
OIL & GAS (5)
PLANTATIONS (1)
MINES (1)

NEW LOWS (18)

BANKS (1)
Ansbacher (H.)
BREWERS (3)
Greene King
Young Brewery A
Wolverhampton & Dudley
BUILDINGS (1)
Lilley (F. J. C.)
ELECTRICALS (1)
Kode Int
ENGINEERING (2)
Howden
Midland Inds
INDUSTRIALS (5)
Ecobric
PCT Group
Ecobric Defd
Ricardo
Lan. Private Health
Sheldon Jones
PAPER (1)
Geers Gross
PROPERTY (1)
County Props
TEXTILES (1)
Nova (Jersey)
OILS (1)
KCA Drilling

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2
Jan 9	Jan 20	Apr 2	Apr 16

For rate indications see end of Share Information Service

Calls were taken out in **ICL**, **GRA**, **Eglinton**, **Tootal**, **London and Liverpool**, **Sound Diffusion**, **Wearwell**, **James Wilkes**, **Cosalt**, **Aran Energy**, **Whittington Engineering** and **First National Finance**. No puts were reported, although a double was arranged in **Hadson Petroleum**.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	12	30	53
Corpns. Dom. and Foreign Bonds	2	4	70
Industrials	317	216	864
Financial and Prop.	212	30	274
Oils	37	14	65
Plantations	0	—	14
Mines	80	9	78
Totals	772	327	1,476
Others	92	24	58

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Amersham Intl	213	+10
Aran Energy	80	+ 4
Atlantic Res	710	− 6
BOC	260	+14
Caffyns	150	+ 3
Eagle Star	708	+ 2
Hanson Trust	264	+11
Hill Samuel	320	+15
ICI	656	+10
London & Midland	123	+11
Pilkington Bros	225	−13
Tesco	171	+ 5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Pilkington Bros	21	238	−20
Granada A	12	164	+18
BTR	16	412	+14
Cable Wrlss pp	14	100	—
Ultramar	14	617	+ 2
Pencom	13	150	—
Lucas Inds	12	173	+ 8
BOC	11	246	− 1
GEC	11	194	− 2
Hawker Siddly	11	362	+12
Lloyds Bank	11	563	+13
Dalgety	10	398	+12
Resource Tech	10	180	+ 0
RTZ	10	598	+ 2

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*398)						
360	46	—	—	5	—	—
390	22	34	48	10	18	24
420	7	18	24	50	38	44
Cons. Goldfields (*534)						
460	87	105	115	6	10	16
500	58	75	82	18	27	35
550	25	40	54	40	50	57
600	7	20	—	72	80	—
650	1½	8	—	120	122	—
Courtaulds (*128)						
86	45	—	—	1	—	—
90	—	40	44	—	1	2
96	33	—	—	1	—	—
100	—	52	36	—	2	5
110	20	23	27	2	3	4
120	18	16	19	3	4	6
Commercial Union (*182)						
140	47	49	65	1	2	4
160	27	58	35	3	6	8
180	11	16	19	8	13	17
200	4	8	9	21	27	29
G.E.C. (*195)						
180	22	30	40	3	5	9
200	8	18	24	15	14	18
220	3	7	14	28	50	30
240	1	5	—	—	—	—
Grand Met. (*345)						
300	50	53	65	1½	6	8
330	20	30	40	6	14	20
360	0	15	28	22	30	40
390	8	5	—	48	33	—
I.C.I. (*656)						
460	204	—	—	2	—	—
500	164	168	—	2	2	—
550	114	118	124	2	6	0
600	66	74	82	4	14	18
650	22	36	48	16	28	40
Land Securities (*364)						
280	86	89	—	2	1½	—
300	66	71	76	2	3	6
330	38	46	51	3	6	10
360	16	25	35	12	17	20
Marks & Spencer (*222)						
180	45	48	—	1	8	—
200	25	20	33	2	4	6
220	6	13	17	6	9	10
Shell Transport (*574)						
400	122	—	—	1	—	—
500	82	88	92	3	8	12
550	40	50	56	10	16	28
600	7	24	32	38	40	50
650	2	4	—	78	82	—

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Barclays Bank (*504)						
420	85	102	—	3	6	—
460	57	73	90	10	17	24
500	34	47	60	23	37	42
550	11	20	—	—	57	—
Imperial Group (*134)						
110	27	28	—	0½	1½	—
120	18	20	—	1½	2½	—
130	9½	11½	15	4½	3	8
140	4	6½	9	8	11	15
LASMO (*258)						
240	40	43	48	10	16	22
260	25	32	35	18	28	33
280	15	25	25	35	43	45
Lonrho (*108)						
90	20	22	25	1	2	2½
100	10½	15½	10	3½	6	7
110	5	7	8	9	10	12
P. & O. (*248)						
200	54	61	—	8	3	—
220	37	45	—	5	8	—
240	24	36	39	7	12	13
260	15	22	28	17	22	25
Racal (*205)						
180	30	42	50	3	6	8
200	17	26	34	9	12	10
220	7	14	—	20	24	—
230	2	7	—	—	—	—
R.T.Z. (*601)						
535	85	—	—	6	—	—
550	75	85	95	12	23	32
583	50	—	—	20	—	—
600	33	60	64	35	44	54
650	15	28	—	62	70	—
700	6	12	—	—	—	—
Vaal Reefs (*$100)						
90	21½	24	27	3	4½	7
100	14½	17	10½	3½	8	11½
110	8	12½	14	11½	13½	16
120	6	0	—	17½	19½	—
130	2½	5	—	25½	27½	—
140	1½	2½	—	—	—	—

Option	Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
Beecham (*388)						
300	50	45	53	2	7	15
330	6	20	28	12	18	25
355	2	6	—	55	38	—
Bass (*328)						
300	30	33	45	2	8	16
330	6	14	22	15	23	28
De Beers (*$786)						
700	100	120	150	3	13	24
750	57	80	93	10	33	52
800	20	30	60	30	37	76
850	4	30	—	75	93	103
Guest Keen (*173)						
160	—	23	29	—	3	11
176	5	—	—	7	—	—
180	—	15	16	—	14	17
Hanson (*265)						
220	44	47	62	1	4	6
240	24	29	37	2	7	11
260	7½	18	26	8	14	20
Tesco (*171)						
160	14	18	24	2	5	6
180	2	8	11	13	16	20

Dec. 8. Total Contracts 3,438. Calls 2,743. Puts 695

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

LOANS—continued

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- [illegible] Figures or report awaited.
- [illegible] Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- [illegible] USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- [illegible] Dealt in under Rule 163(3).
- [illegible] Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- [illegible] Same interim: reduced final and/or reduced earnings indicated.
- [illegible] Forecast dividend; cover on earnings updated by latest interim statement.
- [illegible] Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- [illegible] Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. [illegible] Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	62	.....	Fin 13% 97/02	£97¼	....
Bdg'wtr Est. 50p	310	.....	Alliance Gas	92	.....
Craig & Rose £1	£10½	.....	Arnott	210	.....
Finlay Pkg. 5p	41	.....	Carroll (P.J.)	101	−½
Higsons Brew	87xd	.....	Concrete Prods.	85	+5
Holt (Jos) 25p	910	.....	Heiton (Hldgs.)	15	..
I O M. Stm. £1	127	.....	Irish Ropes	35	.....
IRISH			Jacob	70	...
Exch. 12% 1985	£99¼	....	T M G	85	.
Nat 9¼% 84/89	£89¼	.....	Unidare	80	+2

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

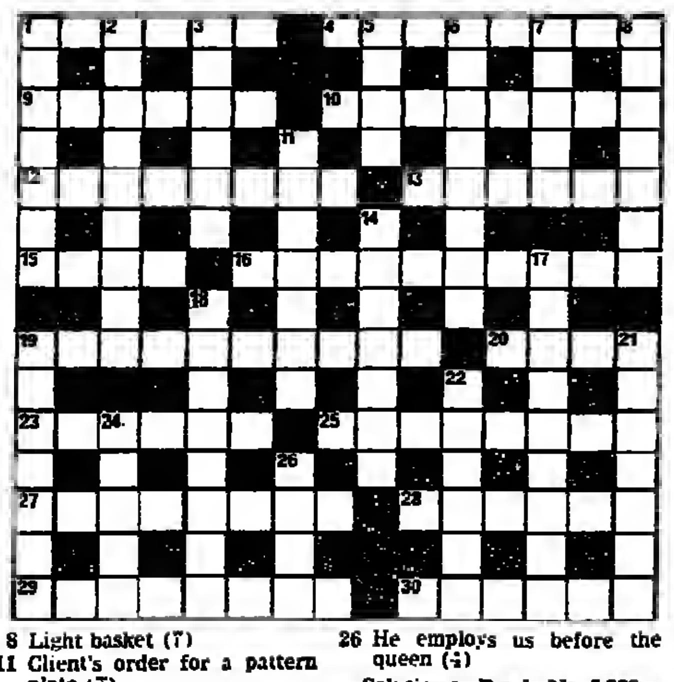
INSURANCES

Authorised Units—continued

Offshore & Overseas—continued

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,289



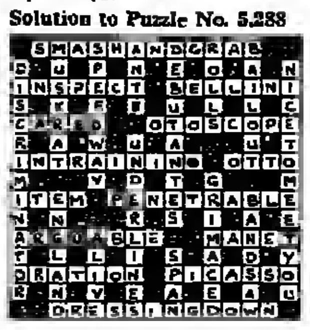
ACROSS

1 Decide to stay (6)
4 A sign of wrong and right, we hear, in a puzzle (8)
9 Hemingway or Sterne, perhaps (6)
10 Make little of (8)
12 Begin to explain what I did at the restaurant (6)
13 Credit is repeatedly the trouble (6)
15 See 16 across
16 and 15 across: Capital provision for a blockade, perhaps (10,4)
19 Hot stew taken in by medical orderly (10)
20 Classical solution for the chemist (4)
23 Things look different after dark (6)
25 A sweet smile on a new development (8)
27 Ill-temper shown by a girl in a predicament (8)
28 Try hard to get rivets out (6)
29 Arrived at a certain conclusion (4,4)
30 A hearty leader (6)

DOWN

1 Female African officer (7)
2 Possibly the cause of an interruption in services (6-3)
3 Girl that is a famous film-star (6)
5 Composer drops in for a bit of pork (4)
6 A doubter disposed to be stubborn (8)
7 Units ordered to part of N Africa (5)
8 Light basket (7)
11 Client's order for a pattern plate (7)
14 Set down in the act but not immediately implemented (7)
17 Choice made by a dandy (9)
18 Large sums made out of composing songs? (8)
19 A short dress mother, to say the least! (7)
21 Came irregularly to day school for special studies (7)
22 Charles, a journalistic nobody (6)
24 A lot of money for a piano (5)
26 He employs us before the queen (4)

Solution to Puzzle No. 5,288



INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Row looms over 1984 fish quotas proposed by EEC

BY IVO DAWNAY IN BRUSSELS

THE European Commission yesterday released controversial proposals for 1984 fishing catches which look certain to be dismissed as inadequate by several member states.

The figures will come high on the agenda at next week's meeting of fisheries ministers adding further areas for disagreement to rows over herring quotas and cod catches in Greenland's waters.

If no deal is reached, Community fishermen fear that anarchy could break out in the North Sea from January 1 when existing agreements expire.

The situation is made more unstable by Community rules which insist that 1982 quota levels, rolled over for this year, cannot be continued as an interim measure into the new year.

The quotas proposed by the Commission yesterday are certain to be opposed as too low by several member states including Britain, the Netherlands and Denmark. Of particular concern are the Total Allowable Catches of cod and haddock which the Commission proposes should be reduced by about 30 per cent to allow stocks to recover.

The Danes are also likely to be angry at suggestions that cod catches for West Greenland should be fixed at a total of 75,000 tonnes for the year, a figure about 50 per cent above that proposed by the Greenlanders who claim exclusive rights to the sector.

However, herring is likely to stay top of the agenda with all the signs suggesting that only evidence of greater flexibility by the Dutch will create the right conditions for a settlement.

The Commission yesterday suggested that total catches for North Sea herring for the 12 months from March should be fixed at about 150,000 tonnes to conform with scientific analysis of the maximum desirable levels.

Member states' minimum demands are for a figure at least 20 per cent higher than this.

1984 QUOTA PROPOSALS

Main species in thousands of tonnes with 1982 levels in brackets

	EEC	W. Germany	Netherlands	UK	Denmark
Cod	439.4 (522.3)	71.3 (74.1)	17.5 (28.5)	94.0 (140.4)	207.7 (215.7)
Haddock	163.4 (201.7)	65.5 (76.4)	.96 (1.2)	118.2 (148.2)	15.8 (19.5)
Saithe	112.1 (101.7)	18.7 (16.9)	.17 (.15)	19.0 (17.3)	6.6 (5.9)
Whiting	131.1 (205.5)	2.0 (4.6)	4.5 (10.1)	50.9 (90.3)	27.0 (34.8)
Plaice	197.3 (159.8)	9.8 (7.5)	65.3 (51.5)	54.4 (42.4)	47.0 (40.0)
Mackerel	330.0 (375.0)	21.1 (24.0)	30.8 (35.0)	193.6 (220.)	—

U.S. reasserts tough line on trade talks

BY NANCY DUNNE

SENIOR officials in the U.S. are desperately trying to retrieve their negotiating position on agricultural talks with EEC leaders in Brussels today after confusion arose about an unguarded remark made by Mr Malcolm Baldridge, the Commerce Secretary, last week.

At a briefing with the foreign Press on Wednesday, Mr John Block, Agriculture Secretary, emphasised that the U.S. was not prepared to negotiate on a Commission proposal to limit maize gluten and citrus pellet imports.

However, trade officials [illegible] requested negotiations on cereals substitutes, they could not refuse to talk. They said the U.S. still steadfastly opposed Community proposals to limit maize gluten and citrus pellet imports and tax fats and oils, and that nothing the EEC could offer in compensation would be acceptable.

The confusion arose over a remark made by Mr Baldridge last week at a press conference televised in Europe.

Asked if the U.S. was ready to open negotiations on imports of cereals substitutes, he replied that speaking for himself, not for the Administration, "we would go to consultations to Gatt on it, but the thing that we're fearful of is unilateral action simply to put limits on what we can export . . . that is the opposite of a free trade move."

Fresh rise in price of cocoa futures

COCOA PRICES rose again on the London futures market yesterday *reflecting the further* weakening of sterling and continuing concern about West African crop prospects.

Values were up for the sixth day in succession with the March position gaining £24.50 to £1,761 a tonne, the highest level since March 1979.

● MALASIA yesterday raised export duty on ground and unground white pepper to 1,204.24 and 674.08 ringgit a tonne from 1,098.22 and 590.14 respectively with effect from yesterday. The duty on black pepper rose to 263.14 ringgit from 137.67.

● HEBEI and Henan, two of China's main cotton-producing provinces, are reported to have harvested record cotton crops of 699,450 tonnes and 500,000 tonnes respectively this year. National cotton output is expected to equal last year's record crop of 3.59m tonnes despite a 133,000-hectare fall in sown area.

● CHAIRMAN of the proposed Association of Futures Brokers and Dealers is to be Mr Derek Whiting. He takes over from Mr David Harcourt who was chairman of the association's formation committee and who remains chairman of the London Commodity Exchange. It was announced recently that Mr Alistair Annand had become chief executive of the proposed association, which is intended to improve protection for investors in futures markets.

● SILCOCK Fellowship for Livestock Research has been established at Harper Adams Agricultural College in memory of Richard Silcock who died earlier this year. His family formed the animal feeds company which is now part of BOCM Silcock, a Unilever subsidiary.

How red meat has given way to white in Britain

Farmer's viewpoint by John Cherrington

CONSUMPTION of the traditional red meats—beef and lamb—is declining. We are actually eating less of these than we were in the bad old days of the 1930s, and the same is true of bacon and ham. But these reductions have been more than made up by the availability of the whiter meats.

The reason is partly economic. Beef and sheepmeat are expensive to produce under European conditions, for both animals are poor converters of a farm's resources into meat.

Economics

Pigs and poultry, on the other hand, have a much better conversion rate of grain into meat. This cheapens the cost of production and fits in with the present state of home economics. If the shopper has a limited budget he or she will look for the best buy, and although one can argue that the actual weight of meat on a broiler is costing as much as a piece of best beef, no one really seems to believe it.

There is also little doubt that the eating quality of both beef and lamb can vary enormously. The butcher of 50 years ago, buying supplies from known sources and controlling the maturing or hanging of the carcases, could provide the customer with a reliable joint. In pre-war days the butcher also faced competition from Argentine chilled beef which had the advantage of at least a fortnight's hanging in a refrigerated ship before sale. This process made a tremendous difference to quality.

Argentine beef is no longer available but the removal of its standards has had another effect. The type of animal supplying that trade was small and quick-maturing, finishing on grass at quite a light weight.

The parent stock came from England and Scotland—Hereford, Angus and Beef Shorthorn.

By careful selection the breeders exaggerated the small size of their cattle so that they matured very early, especially when intensively fed in this country. They were too fat for modern taste and also did not produce enough meat to justify the investment in their production.

It was at this stage, 25 years ago, that some breeders began to look towards the Continent and imported a variety of breeds beginning with the Charolais. These had been bred as draft animals and developed the size and muscle needed in that work.

In Europe cattle were widely used for farm work until after the end of the last war, while in Britain horses became almost universal in the 19th century. Ironically there had been a considerable interchange of livestock between Britain and the Continent until a 100 years ago when it was stopped by disease restrictions. Sheltered by these, British breeders dominated the scene for quite a time but eventually had to give way to the modern demand.

Success

This demand was for cattle of much greater size and leanness, and these were already being used in many beef producing countries before they became established here. Their success has been evident: crossbreds of which at least one parent is imported strain have won championships. But it should be stressed that the judges at Smithfield are for the most part breeders and fatteners and not butchers.

It is also the case that the champions are invariably bred from a pure beef female like the Aberdeen Angus. This does give the calf the chance of turning into a really good beef carcase, but less than 30 per cent of the breeding herd are primarily for producing beef calves.

Friesian

The balance is of the dairying strains and it is from these that the bulk of British beef carcases come. These are now predominantly Friesian. Crossed with a beef breed they produce goodish carcases but the Friesian is being infiltrated by Holstein blood from North America.

Holsteins are very heavy milk producers but so far not so good for beef—at least, not for the traditional cuts. It is probable, however, that beef consumption in this country will follow the American pattern of hamburgers for the masses with the very good single-suckled pure-bred beef as a luxury product alongside a still-expanding poultry sector.

Lamb, too, is a declining taste, but its future here is likely to lie in prepared cuts, boned out in the slaughterhouses. The New Zealanders are pioneering this trade, which means that carving will become a lost art. But how many can make a good job of carving a shoulder of lamb or an H-bone of beef, both family dinners of the past?

Aluminium trading has bright start on Comex

By Nancy Dunne

MISS SUSAN PHILLIPS, the chairman of the U.S. Commodities Futures Trading Commission, initiated trading of aluminium futures on the New York Commodity Exchange (Comex) yesterday.

More than 100 traders swarmed over the pit and the contract made an impressive early showing. More than 1,000 trades were completed by 10 am after the first half hour of business.

Representatives of seven of the big nine aluminium producers, including Alcoa, were present at the opening. Mr Michael Brown, chairman of the London Metals Exchange, was also there.

Comex officials say that structural changes within the aluminium industry and extreme price volatility in real terms have created the need for a hedging medium.

However, the success of aluminium futures trading in London since it started in 1978 paved the way for the Comex contract, and officials are hoping for arbitrage between the two markets. The Comex contract provides for delivery of 40,000 lb of an aluminium which is of higher grade than that traded on the LME but which is the one most frequently used in North America.

Nevertheless, arbitrage will be made possible by the trading in New York of a secondary grade, which is roughly equivalent to London contract specification.

To begin with six futures positions are being quoted, starting with March next year up until January 1985.

The main trading activity yesterday was concentrated on the March position. The price ranged from a low of 76.70 to a high of 77.70 cents a lb.

PRICE CHANGES

In tonnes unless stated otherwise	Dec. 8 1983	+ or −	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt	$1525/1625	+25	[illegible]
Copper			
Cash h grade	£1009	+10	£916.50
3 mths	£1034.75	+11	£941.75
Cash Cathode	£993.5	+11	£901
3 mths	£1017.5	+12	£924.50
Gold troy oz	$402.125	+2.25	[illegible]
Lead Cash	£283.75	+1.75	[illegible]
3 mths	£293.625	+1.375	[illegible]
Nickel	[illegible]		[illegible]
Free mkt	200/225c		205/225c
Palladium oz	$163.50	+7.25	$145.25
Platinum oz	[illegible]		[illegible]
Quicksilver	[illegible]		[illegible]
Silver troy oz	681.45p		[illegible]
3 mths	696.60p	+21	619.90p
Tin cash	£8720	+25	£8632.5
3 month	£8847.5	+17	£8767.5
Tungsten	$76.09		[illegible]
Wolfr'm 22.04lb	[illegible]		[illegible]
Zinc Cash	£599	+2.5	[illegible]
3 mths	£614.126	+3.125	[illegible]
Producers	$850		$826

	Dec. 8 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$960x	+10	$810
Groundnut			
Linseed Crude			
Palm Malayan	$686v		$662.5
Seeds			
Copra Philip	$640x	+16	$590
Soyabean (U.S.)	[illegible]		[illegible]
Grains			
Barley Fut. Mar	£124.30		£120.20
Maize	£146.00		£140.00
Wheat Fut. Mar	£124.60		[illegible]
No 2 Hard Wint.			
Other commodities			
Cocoa ship't*	£1622	+85	£1582
Fut. March	£1761		[illegible]
Coffee Ft. Mar	[illegible]		[illegible]
Cotton A.Index	[illegible]		[illegible]
Gas Oil Jan	$244.25		[illegible]
Rubber (kilo)	[illegible]		[illegible]
Sugar (Raw)	£137x	+2	£140
Wool'ps 64s	411p kilo		[illegible]

§ Unquoted. v Jan. x Dec-Jan. y Nov-Dec. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Gas oil opened unchanged and again failed to break through the support levels. Prices edged higher, reaching the highs in late afternoon on nervous short-covering, and remained steady until the close. Crude oil traded higher, gaining strength from the firmer sentiment in the other markets despite an easier spot market, reports Premier Man.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.20-28.45	+0.02
Iranian Light	27.90-28.05	—
Arab Heavy	26.25-26.35	—
North Sea (Forties)	28.40-28.65	−0.10
North Sea (Brent)	28.45-28.60	−0.18
African (Bonny L'ht)	28.80-28.90	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	216-225	−1.0
Gas oil	244-252	−2.0
Heavy fuel oil	168-172	—

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Dec	246.50	+1.00	245.50-244.0
Jan	244.20	+1.00	244.25-242.8
Feb	242.60	+1.75	247.50-240.0
Mar	238.60	+2.25	238.50-236.0
April	235.85	+8.25	233.50-232.5
May	233.75	+1.25	232.00-231.7
June	233.00	....	232.00
July	233.30	−1.50	234.00-233.0
Aug	234.00	−8.50	—

Turnover: 2,512 (3,245) lots of 100 tonnes.

CRUDE OIL FUTURES

Month	Yest'doy's close	+ or −	Business Done
	$ U.S. per brl		
Feb	28.32	+0.16	—
Mar	28.26	+0.21	28.28-28.05
Apr	28.17	+0.17	28.17-28.00
May	28.17	+0.15	28.17-27.99
June	28.05	+0.01	—

Turnover: 128 (115) lots of 1,000 barrels.

GOLD MARKETS

Gold rose $2¼ to $401¾-402¼ on the London bullion market yesterday. It opened at $402¾-$403¼ and was fixed at $402 in the morning, and $401 in the afternoon. The metal opened at the highest level of the day, and touched a low of $400-401.

In Paris the 12½ kilo bar was fixed at FFr 107,100 ($401.10 per ounce) in the afternoon, compared with FFr 107,250 ($401.90) in the morning, and FFr 106,750 ($399.79) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,420 per kilo ($403.03 per ounce), against DM 35,300 ($401.53), and closed at $401-401½, compared with $399½-400.

In Zurich gold finished at $400½-401½, against $399¾-400¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $402.80 per ounce, compared with $400.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Dec	401.00-03.0	+1.45	—
Feb	406.60-06.7	+1.10	409.10-06.8
April	412.80-15.6	+1.15	415.60-14.5
June	419.00-28.4	+0.55	—
Aug	426.00-27.0	−0.95	—
Oct	433.00-34.0	−1.75	—

Turnover 503 (336) lots of 100 troy ounces.

	Dec. 8		Dec. 7	
Gold Bullion (fine ounce)				
Close	$401⅛-402⅛	(£278¾-278½)	$399½-400¼	(£277¼-277¾)
Opening	$402¾-403½	(£280¼-280¾)	$400-400¼	(£276½-277)
Morning fixing	$402	(£279.012)	$399.75	(£275.937)
Afternoon fixing	$401	(£278.086)	$389.15	(£213.785)

Gold and Platinum Coins Dec. 8

Krugrnd	$414-414¾	(£287.10-281.62)	King Sov	$97-98½	(£67¼-69¼)
½ Krg	$213¼-214¼	(£148.05-148.57)	Victoria Sov	$97-98½	(£67¼-68¼)
¼ Krg	$108-109¼	(£75.58-76.10)	French 20s	$80-86½	(£56¼-59½)
1/10 Krug	$44½-45¼	(£30.85-31.38)	50 pesos Mex	$483.0-490.5	(£335½-340¼)
Mapleleaf	$413.2-414.6	(£287-287½)	100 Cor Aust	$389.1-395	(£268¾-274)
New Sov	$94½-80¼	(£66½-66)	$20 Eagles	$540-560	(£374¼-388¼)
½ New Sov	$53¾-57¼	(£38⅓-38¾)	Noble (Plat)	$425.1-428.7	(£299.8-296.4)

EUROPEAN MARKETS

ROTTERDAM, December 7.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Jan 157, Feb 158.50, March 160, April 161.50. U.S. Two Northern Spring 14 per cent protein Dec 181, Jan 190, Feb 189, March 190, April/May 177. U.S. Three Amber Durum Dec 198, April/May 199, June 200. Canadian Western Spring Dec 208, April/May 213, June 214.

Maize—(U.S.$ per tonne): U.S. Three Yellow spot 158, arrived 156, Dec 154, Jan 154, Feb 155, March 155, April/June 155, July/Sept 151.50 sellers. Argentina Plate Dec 177, Jan 175, April/June 163 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 307.50, Jan 310.25, Feb 313.50, March 317, Aug 315.50, Sept 310, Oct 282.25, Nov 282.25, Dec 286, Jan 270.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 254, Dec 255, Jan 258, Feb/March 262, Jan/March 262.50, April/Sept 256, May/Sept 253, Nov/March 226 sellers. Pellets Brazil afloat 275, Dec 279, Jan 285.00, Feb 288, March 276.50, April/May 272, April/Sept 261, Oct/Dec 244.50 sellers. Pellets Argentine afloat 280, Dec 266, Jan 269, Feb 272.50, March 275, May/Sept 258, July/Sept 248, Oct/Dec 241 sellers.

PARIS, December 8.

Cocoa—(FFr per 100 kg): Dec 2035-2110, March 2105-2113, May 2105-2110, July 2115 bid, Sept 2110 bid, Dec 2140 bid, March 2105 ask.

Sugar—(FFr per tonne): March 1955-1960, May 2040-2045, Aug 2155-2165, Oct 2235-2245, Dec 2300-2330, March 2410-2430.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES continued to firm on the London Metal Exchange, with good two-way trading reported. Copper touched £1,034.5 before reacting to profit taking and closed at £1,031.5, while Zinc was finally £614, Aluminium £1,121 and Nickel £3,345. Lead had a dull day, closing at £293, and Tin was supported at £8,830 before moving ahead towards the close and finishing at £8,850.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1005-.6	+12.5	1008.5-9.5	+10
3 months	1030.5-1	+13	1034.5-5	+11
Settlem't	1006	+12.5	—	.....
Cathodes				
Cash	989.5-90	+14	993-4	+11
3 months	1013-4	+11.7	1017-8	+12
Settlem't	990	+13	—	.....
U.S. Prod'd	—	.....	*68.75	.....

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £1,004.50, 05. Three months £1,029, 28.50, 29, 29.50, 30, 30.50, 31, 30.50. Cathodes: Cash £990, 89.50. Three months £1,013. Kerb: Higher Grade: Three months £1,031, 31.50, 32. Afternoon: Higher Grade: Three months £1,032, 34.50, 35. Cathodes: Cash £993. Kerb: Higher Grade: Three months £1,032, 31, 30, 30.50, 31, 30.50, 30, 29.50, 30, 30.50, 31. Turnover: 25,425 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	8760-5	+20	8770-80	+27
3 months	8845-55	+5	8865-70	+17.5
Settlem't	8765	+20	—	.....
Standard				
Cash	8705-10	+3	8715-25	+25
3 months	8830-2	+3.5	8845-50	+17
Settlem't	8710	+10	—	.....
Straits E.	$28.45	−0.15	—	.....
New York				

Tin—Morning: Standard: Cash £8,710. Three months £8,830, 33, 32. High Grade: Cash £8,760. Three months £8,860. Kerb: Standard: Three months £8,833, 31, 30. Afternoon: Standard: Three months £8,830, 25, 30, 35, 40, 45, 50, 48, 50. Kerb: Standard: Three months £8,850. Turnover: 1,970 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	283.75-4	+1.5	283.5-4	+1.12
3 months	293.15-.4	+1.75	293.5-.75	+1.37
Settlem't	284	+1.5	—	.....
U.S. Spot	—	.....	*25.9	.....

Lead—Morning: Three months £294, 93.50, 93.75. Afternoon: Three months £293.50, 94, 93.50, 93.75, 93.50. Kerb: Three months £293. Turnover: 12,650 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	600-1	+2.5	598.5-9.5	+2.3
3 months	615-.0	+2.5	614-.6	+3.12
Settlem't	601	+2.5	—	.....
Prim w'bs	—	.....	*49-.75	.....

Zinc—Morning: Three months £616.50, 16, 15.50, 14, 15.50. Kerb: Three months £615. Afternoon: Three months £615, 14.50, 14, 13, 12, 10, 11, 12, 13, 14. Kerb: Three months £613, 12, 13, 14. Turnover: 8,450 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	1097-.5	+10.5	1095-6	+7
3 months	1125.5-.6	+11	1123-4	+7.25

Aluminium—Morning: Three months £1,127, 26, 25.50, 26, 27, 26.50, 26, 25.50. Kerb: Three months £1,126, 25.50, 25, 24, 24.50. Afternoon: Three months £1,126, 26.50, 26, 25, 24.50, 24, 23.50, 23, 23.50, 24, 24.50, 24. Kerb: Three months £1,122, 21, 20, 19, 20, 21, 22, 22.50, 22, 21, 20.50, 21, 21.50. Turnover: 19,000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3268-72	−85	3260.5	+5
3 months	3348-50	−26.5	3348-4	+0.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

Nickel—Morning: Three months [illegible]. Turnover: 1,140 tonnes.

SILVER

Silver was fixed 20.85p an ounce higher for spot delivery in the London bullion market yesterday at 681.45p. U.S. equivalents of the fixing levels were: spot $9.811, up 24.5c; three-month $10.035, up 25.2c; six-month $10.269, up 25.5c; and 12-month $10.807, up 25.5c. The metal opened at 685-691½p ($9.90-9.94) and closed at 684-689½p ($10.0-10.04).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	681.45p	+20.85	690.5p	+31
3 months	696.60p	+21.10	705.5p	+31
6 months	711.80p	+21.15	—	.....
12 months	741.70p	+22.5	—	.....

LME—Silver (2,000 oz contract)—Three months 700p (674.5p). Turnover 5 (0).

Turnover: 67 (99) lots of 10,000 oz. Morning: Large contract three months 697.5, 97.0, 95.5, 96.0, 96.5, 96.2; small three months 696.0. Kerb: Large three months 695.5, 97.0, 97.5. Afternoon: Large three months 699.0, 707.0, 06.0, 05.0, 04.0, 04.5—small three months 698.0, 709.0, 08.0, 07.0. Kerb: Large three months 705.0, 04.0, 06.0.

COCOA

Futures continued steady and traded at limit-up levels before easing on profit-taking during the afternoon. Physicals were active and both cocoa beans and products attracted strong interest, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	1708-75	+22.5	1785-52
March	1760-62	+24.5	1776-35
May	1756-58	+25.5	1769-30
July	1745-50	+27.0	1760-81
Sept	1732-33	+25.0	1747-06
Dec	1705-08	+14.5	1720-01
March	1710-15	+22.3	1711-96

Sales: 11,487 (8,742) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Dec 8: 111.66 (109.84); five-day average for Dec 9: 108.44 (106.87).

COFFEE

In line with a steadier New York close, London opened £6-13 higher reports Drexel Burnham Lambert. Fresh highs were again established but volume was light. Nearbys retraced to unchanged during a quiet afternoon on trade resistance and dealer profit-taking.

COFFEE	Yest'day's Close	+ or −	Business Done
January	1984-85	−3.0	2001-84
March	1952-53	.....	1961-50
May	1869-70	−1.0	1885-50
July	1818-20	−P.0	1829-21
Sept	1779-83	−1.5	1790-83
Nov	1748-49	−2.5	1758-49
January	1723-25	−1.5	1730-24

Sales: 2,325 (3,110) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Dec 7. Comp. daily 1979 139.36 (139.06)—15-day average 138.30 (138.14).

GRAINS

Wheat and barley were again steady on shipper buying but wheat met profit-taking while barley rallied strongly to close at the day's highs. New crops improved marginally, reports Muirpace.

WHEAT			BARLEY	
Mnth.	Yesterday's close	+ or −	Yest'day's close	+ or −
Jan	122.15	+0.35	121.95	+1.00
Mar	124.60	+0.20	124.30	+0.70
May	127.55	+0.20	126.00	+0.70
July	130.60	+0.30	—	—
Sept	113.65	+0.30	111.35	+0.25
Nov	116.60	+0.20	114.15	+0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Jan 120.75, Feb 121.50, March 122.50, trans shipment East Coast sellers. English Feed fob Jan/March 127.50, April/June 130. East Coast sellers. Maize: French Dec 146. East Coast sellers. Barley: English Feed fob Dec 122.25, East Coast Jan/March 126.50, East Coast sellers.

HGCA—Locational ex-farm spot prices. Feed barley: 5 East 118.10, 5 West 119.20, W Mids 118.90, N West 117.70. The UK monetary coefficient for the week beginning Monday December 12 (based on HGCA calculations using 5 days' exchange rates) is expected to remain unchanged.

Business done—Wheat: Jan 122.30-2.00, March 124.75-4.55, May 127.75-7.50, July 130.65-0.65, Sept 113.60 only, Nov 116.60 only. Sales: 205 lots of 100 tonnes. Barley: Jan 121.95-1.20, March 124.30-3.90, May 126.00-5.60, Sept 111.25 only, Nov 114.15 only. Sales: 333 lots of 100 tonnes.

POTATOES

The market was quiet with small gains registered in line with Dutch futures, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	164.00	163.60	164.50-165.5
April	192.70	191.70	195.50-192.0
May	199.50	197.70	199.50-198.1
Nov	78.50	80.30	79.00
Feb	88.00	87.50	—

Sales: 244 (871) lots of 40 tonnes.

RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed quiet but steady, reported Lewis and Peat. The Kuala Lumpur December fob price for RR6 No. 1 was 283.0 (283.5) cents a kg and SMR 20 222.5 (223.0).

No. 1 R.S.S.	Yesterd'y's close	Previous close	Business Done
	£ per tonne		
Jan	833-845	838-840	—
Feb	837-845	833-840	—
Jan-Mch	837-838	831-833	—
Apl-Jne	833-835	841-843	858-842
Jly-Sept	853-865	853-854	863-858
Oct-Dec	876-276	863-865	275-866
Jan-Mch	885-888	873-887	—
Apl-Jne	805-898	883-887	—
Jly-Sept	906-909	896-900	—

Sales: 83 (99) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were spot 84.00p (83.00p)—Jan 84.00p (83.25p)—Feb 84.50p (83.75p).

SOYABEAN MEAL

The market opened £1.00 higher on follow-through buying, reports T. G. Roddick. Prices remained firm on commercial buying.

	Yestday's close	+ or −	Business Done
	£ per tonne		
Dec	160.00	.....	—
Feb	185.70-85.00	+2.00	185.80-85.30
April	188.10-88.40	+1.90	188.40-81.70
June	184.10-83.90	+2.40	—
August	184.00-84.20	+2.00	184.00-83.50
October	176.50-76.00	+1.50	—
Dec	166.00-65.50	+1.25	—

Sales: 236 (232) lots of 100 tonnes.

SUGAR

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Mar	166.90	166.25	161.20-56.50
May	165.75-66.10	165.40-66.50	166.25-65.75

No. 6 Contract $ per tonne [illegible]

LONDON DAILY PRICE—Raw sugar £137.00 (£139.00) a tonne for Dec-Jan shipment. White sugar £154.00 (£156.00).

Sales: No. 4 2,372 (2,854)—No. 6 816 (493) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £246.50 (£247.00) per tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for December 7. Daily price 8.16 (8.27)—15-day average 8.29 (8.28).

The market gained about £2.00 over the day following higher New York. No. C. Czarnikow.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. [illegible]

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. [illegible]

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle, 99.27p per kg lw (+0.45). GB—Sheep, 156.04p per kg est dcw (+7.97). GB—Pigs, 79.98p per kg lw (−0.34).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 82.0 to 88.0; Ulster hindquarters 96.5 105.5, forequarters 55.0 to 58.3. Lamb: English small 68.0 to 74.0, medium 66.0 to 72.0, heavy 64.0 to 66.01. Imported—New Zealand PL 59.3 to 60.0, PX 56.5 to 57.0. Pork: English under 100 lb 50.5 to 56.0, 100-120 lb 48.3 to 54.5, 120-160 lb 44.0 to 54.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Satsumas — Spania: 3.00-3.40. Clementines — Corsican: 2.50-3.40; Spania: 82/120 4.20-4.50, 132/168 4.00-4.20, 182/210 3.60-3.80; Moroccan: 1's 4.00, 2's 3.50-3.80, 3's 3.30-3.40, 4's 3.20-3.30, 5's 3.00. Oranges—Spania: 42/48/54/60 4.50-4.80, 70/80/90 4.80-5.00, 100/110/120 5.00-5.20; Greek: 15-kg 4.50-4.80; Moroccan: 48 4.20, 54 4.30-4.40, 63 4.60, 70/80 4.60-4.70, 98 5.00. Lemons—Italian: carton 5.50-6.00; Cyprus: 10-kg boxes 3.50-4.40; Greek: 10-kg 4.00-4.50, 15-kg 6.50-7.50; Spania: 5-kg 2.40-2.80; Jaffa: 15-kg 4.50-6.25; Outspan 15-kg 4.00-5.00.

Grapefruit—Jaffa: 32 4.80, 36 4.80, 40 4.60, 48 4.40, 56 4.00, Sunrise 23 5.60, 32 0.20, 36 6.40, 40 0.40, 48 0.20, 56 0.00, Red Blush 32 5.60, 36 6.00, 40 6.00, 48 0.60, 56 5.20; U.S.: Ruby 6.50-7.50; Cyprus: 32 4.80, 40 4.50, 48 4.30, 56/64 3.80-4.00. Apples—French: Golden Delicious carton 5.50-7.20, Granny Smith carton 8.00-8.50, Starkcrimson carton 0.00-6.00; Italian: 21-kg Golden Delicious 5.50-6.00, Starking 0.50; Hungarian: Red Delicious 10-kg approx 7.00-7.20; U.S.: Red Delicious new season carton 12.00-13.00; Canadian: 20-lb Spartan 3.70-4.00, McIntosh Reds 3.70-4.00.

English produce: Apples—Per pound, Cox's 0.16-0.27, Russet 0.18-0.24, Spartan 0.15-0.18, Laxton's Superb 0.12-0.18, Bramley 0.13-0.20. Pears—Per pound, Comice 0.15-0.22, Conference 0.10-0.20. [illegible]

INDICES

FINANCIAL TIMES

Dec. 7	Dec. 6	M'th ago	Y'ar ago
289.78	288.14	286.48	235.05

(Base: July 1 1952=100)

REUTERS

Dec. 8	Dec. 7	M'th ago	Y'ar ago
1948.2	1941.2	1894.4	1588.0

(Base: September 18 1931=100)

MOODY'S

Dec. 7	Dec. 6	M'th ago	Year ago
1037.5	1034.2	1016.0	993.6

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Dec. 7	Dec. 6	Month ago	Year ago
Spot	138.85	137.74	136.32	132.22
Fut's	146.35	144.82	143.78	137.27

(December 31 1931=100)

AMERICAN MARKETS

NEW YORK, December 8.

PRECIOUS METALS came under heavy selling pressure as gold was unable to maintain its recent gains; [illegible]

NEW YORK

COCOA 10 tonnes, $/tonnes [illegible]

COFFEE "C" 37,000 lb, cents/lb [illegible]

COPPER 25,000 lbs, cents/lb [illegible]

COTTON 50,000 lbs, cents/lb [illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel [illegible]

GOLD 100 troy oz, $/troy oz [illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons [illegible]

ORANGE JUICE 15,000 lb, cents/lb [illegible]

PLATINUM 50 troy oz, $/troy oz [illegible]

SILVER 5,000 troy oz, cents/troy oz [illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb [illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb [illegible]

LIVE HOGS 30,000 lb, cents/lb [illegible]

MAIZE 5,000 bu min, cents/56lb-bushel [illegible]

PORK BELLIES 38,000 lb, cents/lb [illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel [illegible]

SOYABEAN MEAL 100 tons, $/ton [illegible]

SOYABEAN OIL 60,000 lb, cents/lb [illegible]

WHEAT 5,000 bu min, cents/60lb-bushel [illegible]

SPOT PRICES—Chicago loose lard 17.00 (same) cents per pound. New York tin [illegible] cents per pound.

هكذا من الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound shows small recovery

The pound recovered from opening levels in the foreign exchange market yesterday but still closed at a record low against the dollar in London. Its trade weighted index opened at 82.2, sharply down from Wednesday's close of 82.9 but improved to 82.3 at noon and closed at 82.5. Against the dollar it had been quoted as low as $1.4330 in the Far East but opened in London at $1.4365. It traded between a low of $1.4350 and a high of $1.4440 before finishing at $1.4410-1.4420, a fall of just 5 points from Wednesday's close in London.

Sterling's weakness stemmed from uncertainty surrounding the outcome of the current meeting of Opec ministers. There were conflicting reports with regard to pricing levels and production quotas and some dealers were unsure of Opec's ability to maintain current benchmarks. Sterling touched a low of DM 3.92 against the D-mark but recovered to close at DM 3.9450 up from DM 3.9425. It was also firmer against the Swiss franc at SwFr 3.1630 from SwFr 3.16 and FFr 11.9725 compared with FFr 11.9550. It was unchanged against the yen at Y337.75.

DOLLAR — Trade weighted index (Bank of England) 129.7 appreciate too sharply against the D-mark. The dollar eased to from 129.6 on Wednesday and 125.6 six months ago.

The dollar was slightly firmer overall, underpinned by Middle East tension and fears of higher U.S. interest rates. Federal funds were quoted at 9⅝ per cent up from 9½ per cent on Wednesday although the authorities placed $1bn into the system through a repurchase agreement. The dollar rose to DM 2.7335 against the D-mark, slightly up from DM 2.7330 and SwFr 2.1915 compared with SwFr 2.1892½. The Swiss franc weakened sharply in late trading with the Swiss authorities apparently unwilling to see the franc Y233.92½ from Y233.95 but improved to FFr 8.3025 from FFr 8.2925.

D-MARK — Trading range against the dollar in 1983 is 2.7435 to 2.3320. November average 2.6847. Trade-weighted index 124.4 against 127.2 six months ago.

The Bundesbank sold $19.45m when the dollar was fixed slightly lower against the D-mark at the Frankfurt fixing. It fell to DM 2.7340 from DM 2.7347, in quiet trading, reflecting the lack of any new factors. There was no reaction to the filing of formal bribery charges against the West German economics minister. The dollar opened at DM 2.7350, and traded within a narrow range of DM 2.7310 to DM 2.7360 before the fixing. Sterling fell to DM 3.9340 from DM 3.9580 at the fixing, while members of the European Monetary System showed mixed changes against the D-mark. The French franc rose to DM 32.94 per 100 francs from DM 32.93, and the Belgian franc to DM 4.9330 per 100 francs from DM 4.9310. The Irish punt was unchanged at DM 3.1130, and the Italian lira at DM 1.6510 per 1,000 lira. On the other hand the Dutch guilder fell to DM 89.285 per 100 guilders from DM 89.34. Outside the EMS the Swiss franc eased to DM 1.2482 from DM 1.2518.

BELGIAN FRANC—Trading range against the dollar in 1983 is 55.55 to 45.90. November average 54.53. Trade weighted index 89.8 against 92.6 six months ago.

The franc was steady in fairly relaxed foreign exchange trading in Brussels. The decision by the Belgian National Bank not to increase its discount and Lombard rate on Wednesday removed some of the speculative pressure, while short-term interest rates eased back slightly. The D-mark eased to BFr 20.2745 from BFr 20.2755, and the Dutch guilder to BFr 18.0970 from BFr 18.1055. Sterling fell to BFr 79.75 from BFr 80.2475, and the dollar to BFr 55.43 from BFr 55.4450.

£ in New York—Latest

	Dec. 8	Previous
Spot	$1.4420-4430	$1.4390-4400
1 month	0.06-0.13 dis	0.10-0.11 dis
3 months	0.26-0.31dis	0.25-0.27 dis
12 months	1.15-1.30 dis	1.13-1.17 dis

£ forward rates are quoted in U.S. cents discount.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8438	+2.10	+1.56	±1.5447
Danish Krone	8.14104	8.15203	+0.65	+0.14	±1.6425
German D-Mark	2.24184	2.26128	+0.87	+0.36	±1.0642
French Franc	6.87456	6.89727	+0.33	-0.20	±1.4052
Dutch Guilder	2.52595	2.55383	+1.10	+0.60	±1.4964
Irish Punt	0.72569	0.725249	+0.08	-0.43	±1.6699
Italian Lira	1403.49	1398.92	-2.47	-2.47	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Dec 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4350-1.4440	1.4410-1.4420	0.08-0.13c dis	-0.87	0.25-0.30dis	-0.76
Canada	1.7850-1.7980	1.7850-1.7960	0.08-0.16c dis	-0.73	0.18-0.28dis	-0.51
Nethlnd.	4.39-4.43	4.41½-4.42½	1½-½c pm	2.71	2¾-2 pm	[illegible]
Belgium	79.40-80.00	79.90-80.00	5-15c dis	-1.5	[illegible]	-2.0
Denmark	14.21-14.30	14.27-14.28	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.2600-1.2680	1.2650-1.2660	[illegible]	1.99	[illegible]	[illegible]
W. Ger.	3.92-3.95½	3.94-3.95	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	186.75-188.25	187.25-187.75	125-335c dis	-14.72	460-675dis	[illegible]
Spain	225.30-226.70	226.40-226.60	230-360c dis	-12.55	630-700dis	-11.74
Italy	2375-2389	2387-2389	[illegible]	[illegible]	[illegible]	-7.52
Norway	10.97-11.11	11.10-11.11	[illegible]	[illegible]	[illegible]	[illegible]
France	11.91-11.99	11.95½-11.97½	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	11.48-11.56	11.54½-11.55½	[illegible]	[illegible]	[illegible]	-2.33
Japan	334½-338½	337½-338½	[illegible]	[illegible]	[illegible]	[illegible]
Austria	27.62-27.82	27.72-27.77	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	3.13¾-3.17¼	3.16-3.17	[illegible]	5.21	[illegible]	5.0

Belgian rate is for convertible francs. Financial franc 80.55-80.65. Six-month forward dollar 0.54-0.59c dis. 12-month 1.13-1.28c dis. *Closing rate for D-mark on December 7 was 3.93¾-3.94¾.

THE DOLLAR SPOT AND FORWARD

Dec 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4350-1.4440	1.4410-1.4420	0.08-0.13c dis	-0.87	0.25-0.30dis	-0.76
Ireland†	1.1310-1.1400	1.1390-1.1400	[illegible]	1.82	[illegible]	1.82
Canada	1.2440-1.2452	1.2445-1.2450	0.03-0.01c pm	0.19	0.08-0.06 pm	0.24
Nethlnd.	3.0620-3.0670	3.0635-3.0645	[illegible]	[illegible]	[illegible]	3.85
Belgium	55.40-55.50	55.42-55.44	[illegible]	[illegible]	[illegible]	-1.51
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.70
W. Ger.	2.7320-2.7400	2.7330-2.7340	[illegible]	[illegible]	[illegible]	3.72
Portugal	129.75-130.75	130.35-130.80	[illegible]	-12.87	[illegible]	-14.56
Spain	157.00-157.72	157.22-157.32	[illegible]	[illegible]	[illegible]	-11.18
Italy	1654.5-1657.25	1655.5-1656.5	[illegible]	[illegible]	[illegible]	-6.84
Norway	7.6600-7.7050	7.7000-7.7050	[illegible]	[illegible]	[illegible]	-2.93
France	8.2900-8.3130	8.3000-8.3050	[illegible]	[illegible]	[illegible]	-2.76
Sweden	8.0000-8.0120	8.0070-8.0100	[illegible]	[illegible]	[illegible]	-1.62
Japan	233.40-234.15	233.85-234.00	[illegible]	[illegible]	[illegible]	3.39
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.71
Switz.	2.1825-2.1975	2.1910-2.1920	[illegible]	[illegible]	[illegible]	5.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.17-56.22.

OTHER CURRENCIES

Dec. 8	£	$		£ Note Rates
Argentina Peso	29.05-29.12	20.16-20.19	Austria	27.55-27.85
Australia Dollar	1.5886-1.5910	[illegible]	Belgium	80.30-81.15
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	14.19-14.32
Finland Markka	8.41-8.46	[illegible]	France	11.90-12.03
Greek Drachma	140.71-141.35	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	79.50-80.00	55.42-55.44	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	201-219

* Selling rates.

CURRENCY RATES

Dec. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.726355	0.574430
U.S. $	8½	1.04508	0.826834
Canadian $	[illegible]	[illegible]	1.02916
Austria Sch.	3¾	[illegible]	[illegible]
Belgian F	10	[illegible]	45.8458
Danish Kr	7	[illegible]	[illegible]
D mark	4	[illegible]	[illegible]
Guilder	5	[illegible]	[illegible]
French Fr	9½	[illegible]	6.86727
Lira	17	[illegible]	[illegible]
Yen	5	[illegible]	[illegible]
Norwgn Kr.	8	[illegible]	[illegible]
Spanish Pta	[illegible]	[illegible]	[illegible]
Swedish Kr	8½	[illegible]	[illegible]
Swiss Fr	4	[illegible]	[illegible]
Greek Dr'ch	20½	102.606	[illegible]

* CS/SDR rate for Dec 7: 1.30093.

CURRENCY MOVEMENTS

Dec. 8	Bank of England Index	Morgan Guaranty Changes %
Sterling	82.5	-8.2
U.S. dollar	129.7	+17.6
Canadian dollar	92.1	+0.5
Austrian schilling	114.8	+2.8
Belgian franc	89.8	-11.6
Danish kroner	78.4	-6.1
Deutsche mark	124.4	+8.1
Swiss franc	150.4	+13.3
Guilder	114.6	+4.2
French franc	66.3	-14.8
Lira	46.0	-18.6
Yen	155.6	+19.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Dec. 8	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.442	3.945	337.8	11.97	3.165	4.420	2389.	1.796	79.95
U.S. Dollar	0.694	1.	2.737	234.3	8.306	2.196	3.066	1657.	1.246	55.46
Deutschemark	0.253	0.365	1.	85.61	3.035	0.802	1.120	605.4	0.455	20.27
Japanese Yen 1,000	2.961	4.268	11.68	1000.	35.45	9.371	13.09	7072.	5.318	236.7
French Franc 10	0.835	1.204	3.295	282.1	10.	2.644	3.692	1995.	1.500	66.78
Swiss Franc	0.316	0.455	1.246	106.7	3.783	1.	1.397	754.7	0.567	25.26
Dutch Guilder	0.226	0.326	0.893	76.41	2.709	0.716	1.	540.4	0.406	18.09
Italian Lira 1,000	0.419	0.604	1.652	141.4	5.013	1.325	1.851	1000.	0.752	33.47
Canadian Dollar	0.557	0.803	2.197	188.1	6.668	1.763	2.462	1330.	1.	44.53
Belgian Franc 100	1.251	1.803	4.934	422.5	14.97	3.959	5.528	2987.	2.246	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates slightly firmer

Interest rates were slightly firmer in London yesterday. This reflected market concern over the current weakness of sterling and also a firmer trend in U.S. interest rates. Short-term rates were also affected by a very large shortage of short term liquidity. Overnight interbank money opened at 9 per cent and reached 10 per cent before slipping back to 8½ per cent. However demand soon pushed rates firmer with closing quotations between 9 per cent and 11 per cent.

Three-month interbank money was quoted at 9⅜ per cent up from 9-9 1/16 per cent while

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

three-month eligible bank bills were bid at 8⅞ per cent compared with 8¾ per cent.

The Bank of England forecast a shortage of around £650m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £241m and Exchequer transactions a further £254m. There was also a rise in the note circulation of £37m.

The Bank gave assistance in the morning of [illegible], comprising purchases of £14m of Treasury bills and £9m of eligible bank bills in band 1 (up to 14 days) at 9⅛ per cent and in band 2 (15-33 days) £80m of Treasury bills and £43m of eligible bank bills at 9 per cent.

In band 3 (34-63 days) it bought £7m of local authority bills and £79m of eligible bank bills at 8⅞ per cent and in band 4 (64-91 days) £16m of local authority bills and £296m of eligible bank bills at 8¾ per cent.

The shortage was later revised to around £700m without taking into account the morning's operations. The Bank gave further assistance in the afternoon of [illegible]. This comprised purchases of £3m of eligible bank bills in band 2 at 9 per cent and £28m in band 3 at 8⅞ per cent. In band 4 it bought £7m of Treasury bills, £5m of local authority bills and £10m of eligible bank bills at 8¾ per cent. There was also a late round of assistance of about £100m, making a total of [illegible].

MONEY RATES

Dec. 8	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	12	[illegible]	[illegible]	6.46875	[illegible]	6.10	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	6.46875	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	[illegible]	—	—	—	—

LONDON MONEY RATES

Dec. 8 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposit	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	[illegible]	[illegible]	—	—
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	—	—
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period November 2 to December 6 1983 (inclusive) [illegible] per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from December 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rate of discount [illegible] per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-12 months [illegible] per cent. Under £100,000 [illegible] per cent from October 5. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. December 8)

3 months U.S. dollars — bid 10 — offer 10⅛

6 months U.S. dollars — bid 10 1/16 — offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10-10¾
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	8.40
Two month	[illegible]
Three month	[illegible]
Six month	9.16
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Gilts weaker

Gilt futures for March finished at the day's low on the London International Financial Futures Exchange. The contract opened at 108-22, and touched a high of 109-01, before closing at 108-19, compared with 108-31 on Wednesday. Some profit-taking was reported in the market, but trading was also influenced by an easier trend in Treasury bond futures in Chicago, and the weakness of sterling on the foreign exchanges. Speculation that Opec will not maintain the present price structure and output quotas, despite Wednesday's decision to do so by oil ministers meeting in Geneva, was behind the decline by the pound.

Traders were also concerned that the Federal Reserve may have tightened the monetary reins slightly, because of inflationary pressure caused by fast economic growth.

Cash gilt prices finished little changed in very quiet trading, after showing a slightly firmer trend for most of the day.

Three-month sterling deposits moved within a very narrow range, with March delivery opening at 90.44, and touching a low of 90.43, closing at the day's peak of 90.45, but lower than the previous finish of 90.48.

Eurodollars were most active. The March contract finished at 89.63, around the middle of the day's range but lower than the Wednesday close of 89.68, and yesterday's opening of 89.64.

Currency trading was very quiet, with sterling finishing weaker, reflecting trends on the foreign exchanges.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.26	90.26	90.25	90.31
March	89.68	89.74	89.68	89.75
June	89.35	89.38	89.34	89.41
Sept	89.10	89.14	89.09	89.16
Dec	88.84	—	—	88.80

Volume 2,166 (1,921)
Previous day's open int. 8,494 (8,433)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.89	90.90	90.89	90.89
March	90.48	90.50	90.47	90.48
June	90.25	90.28	90.25	90.27
Sept	90.06	90.07	90.04	90.03
Dec	89.83	—	—	89.80

Volume 605 (628)
Previous day's open int. 4,672 (4,664)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-30	110-00	109-18	109-12
March	108-31	109-03	109-19	108-12
June	108-17	—	—	108-00
Sept	108-03	—	—	107-19
Dec	107-22	—	—	107-06

Volume 2,234 (2,259)
Previous day's open int. 3,626 (3,584)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) par to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4480	1.4485	1.4467	1.4490
March	1.4505	1.4510	1.4490	1.4520
June	1.4531	—	—	1.4545

Volume 112 (298)
Previous day's open int. 2,443 (2,377)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	6.3648	0.3656	6.3648	6.3665
March	6.3689	0.3694	0.3687	0.3700
June	6.3724	—	—	0.3735

Volume 40 (87)
Previous day's open int. 346 (320)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	6.4578	6.4590	6.4578	6.4588
March	0.4643	6.4660	0.4635	6.4658
June	0.4714	—	—	0.4727

Volume 11 (58)
Previous day's open int. 115 (114)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	6.4273	6.4275	0.4273	0.4273
March	0.4311	6.4314	0.4308	0.4315
June	0.4348	—	—	0.4352

Volume 32 (60)
Previous day's open int. 270 (219)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	70-22	70-27	70-10	70-27
March	70-02	70-07	69-30	70-07
June	69-16	69-21	69-12	69-21
Sept	69-00	69-04	68-29	69-05
Dec	68-16	68-23	68-14	68-23
March	68-06	68-09	68-03	68-11
June	67-27	67-30	57-24	68-00
Sept	67-12	67-21	67-15	57-23
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	91.07	91.08	91.02	91.07
March	90.56	90.57	90.51	90.58
June	90.27	90.27	90.23	90.28
Sept	90.03	90.05	90.01	90.05
Dec	89.84	89.85	89.89	89.86
March	89.66	89.57	89.63	89.67
June	89.48	89.49	89.44	89.48
Sept	89.29	89.29	89.27	89.29

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec.	90.48	90.50	90.45	90.53
March	89.83	89.89	89.80	89.90
June	88.46	89.48	88.44	89.51
Sept	89.17	89.18	88.15	89.21
Dec	—	—	—	—
March	—	—	—	—
Sept	79.65	—	—	79.20

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	89.97	90.00	89.96	90.02
March	89.41	89.44	89.37	89.47
June	89.09	89.11	89.06	89.13
Sept	89.83	88.85	88.89	88.90
Dec	89.57	88.58	88.54	88.59
March	88.31	88.31	88.29	89.32

STERLING (IMM) $s per £

	Close	High	Low	Prev
Dec	1.4400	1.4495	1.4385	1.4520
March	1.4420	1.4520	1.4380	1.4545
June	1.4460	1.4555	1.4390	1.4570
Sept	1.4500	1.4520	1.4455	1.4595
Dec	1.4500	1.4610	1.4480	1.4620
March	—	1.4625	1.4560	1.4620

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	70-03	70-07	69-30	70-01
March	68-29	69-02	68-23	68-27
June	67-31	68-03	67-26	67-29
Sept	67-05	67-06	67-00	67-03
Dec	66-15	66-16	66-10	66-13
March	—	—	—	—
June	65-14	65-17	65-14	65-12
Sept	65-02	—	—	65-00
Dec	—	—	—	—
March	—	—	—	—

PUBLIC NOTICES

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstr. 54. Telex: 416052. Telephone: 7598-157.

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COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50
Albania	Lek	6.8761
Algeria	Dinar	4.016
Andorra	Fr. Franc	8.300
	Sp. Peseta	157.30
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	19.812
Australia	Dollar	1.0862
Austria	Schilling	19.252
Azores	Port. Escudo	150.65
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	107.38
Bangladesh	Taka	24.90
Barbados	Dollar	2.0115
Belgium	Franc (C)	55.43
	Franc (F)	56.23
Belize	Dollar	2.00
Benin	C.F.A. Franc	415.10
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.545
Bolivia	Peso (12)	500.00
Botswana	Pula	1.1527
Brazil	Cruzeiro (10)	926.50
Brunei	Dollar	2.1316
Bulgaria	Lev	0.985
Burma	Kyat	8.1375
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	415.10
Canada	Dollar	1.243
Canary Is.	Sp. Peseta	157.30
Cape Verde Is.	Escudo	72.6744
Cayman Is.	Dollar	6.835
Cen. Af. Rep.	C.F.A. Franc	415.10
Chad	C.F.A. Franc	415.16
Chile	Peso (m)	86.62
China	Renminbi Yuen	1.0889
Colombia	Peso (O)	8706
Comoros	C.F.A. Franc	415.10
Congo (P'ple.Rep.of)	C.F.A. Franc	415.10
Costa Rica	Colon (8)	43.40
	Colon Free Float	—
Cuba	Peso	0.8704
Cyprus	Pound*	1.7957
Czechoslovakia	Koruna (O)	6.45
Denmark	Krone	9.909
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	53.53
	Sucre (F)	84.35
Egypt	Pound* (O)	1.4986
	Pound*	1.2166
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	314.78
Ethiopia	Birr (O)	2.0511
Faeroe Is.	Dan. Krone	9.909
Falkland Is	Pound*	1.448
Fiji	Dollar	1.04
Finland	Markka	5.824
France	Franc	2.308
Fr. C'ty in Af.	C.F.A. Franc	415.10
Fr. Guiana	Franc	8.302
Fr. Pac. Is.	C.F.P. Franc	150.945
Gabon	C.F.A. Franc	415.10
Gambia	Dalasi	2.7624
Germany (E)	Ostmark (O)	2.733
Germany (W)	Mark	2.733
Ghana	Cedi (3)	30.00
Gibraltar	Pound*	1.448
Greece	Drachma	98.20
Greenland	Dan. Krone	9.909
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.302
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	42.0816
Guinea Rep.	Syli	23.609
Guyana	Dollar	3.00
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.816
Hungary	Forint	44.51
Iceland	Krona	28.35
India	Rupee	9.545
Indonesia	Rupiah	903.60
Iran	Rial (O)	88.2758
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.133
Israel	Shekel (1)	87.69
Italy	Lira	1656.50
Ivory Coast	C.F.A. Franc	415.10
Jamaica	Dollar (O) (11)	5.16
Japan	Yen	233.95
Jordan	Dinar	0.3708
Kampuchea	Riel	n.a.
Kenya	Shilling	13.7886
Kiribati	Aust. Dollar	1.0962
Korea (Nth)	Won	0.94
Korea (Sth)	Won	796.10
Kuwait	Dinar	0.2098
Lao P'ple D. Rep	Kip	13.00
Lebanon	Pound	5.253
Lesotho	Loti	1.2114
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	9.184
Luxembourg	Lux Franc	66.43
Macao	Pataca	8.1937
Madagascar D. R.	Franc (2)	500.694
Madeira	Port. Escudo	130.36
Malawi	Kwacha	1.2985
Malaysia	Ringgit	2.3428
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp.	Franc	836.20
Malta	Pound*	2.3478
Martinique	Franc	8.302
Mauritania	Ouguiya	65.85
Mauritius	Rupee	19.2639
Mexico	Peso (Free)	163.50
	Peso (cont'd)	140.75
Miquelon	Fr. Franc	8.362
Monaco	Fr. Franc	9.302
Mongolia	Tugrik (O)	3.3665
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.005
Mozambique	Metica	41.451
Namibia	S.A. Rand	1.2114
Nauru Is.	Aust. Dollar	1.6962
Nepal	Rupee	14.90
Netherlands	Guilder	3.059
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.557
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	415.10
Nigeria	Naira (O)	0.7396
Norway	Krone	7.619
Oman, Sultanate of	Rial	6.3458
Pakistan	Rupee	13.358
Panama	Balboa	1.00
Papua N.G.	Kina	6.8599
Paraguay	Guarani (o)	160.00
Peru	Sol	2207.01
Philippines	Peso (4)	14.01
Pitcairn Is.	N.Z. Dollar	1.527
Poland	Zloty (O)	95.40
Portugal	Escudo	130.35
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion, Ile de la	Fr. Franc	8.302
Romania	Leu (O)	4.47
Rwanda	Franc (8)	98.2318
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.442
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.302
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	1.6166
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1656.60
Sao Tome & Principe DR	Dobra	30.6095
Saudi Arabia	Riyal	3.48
Senegal	C.F.A. Franc	415.10
Seychelles	Rupee	6.9101
Sierra Leone	Leone	2.51
Singapore	Dollar	2.1312
Solomon Is.	Dollar	1.2093
Somali Rep.	Shilling	15.7906
South Africa	Rand	1.2114
Spain	Peseta	157.38
Span. Ports in N. Africa	Sp. Peseta	157.30
Sri Lanka	Rupee	24.73
Sudan Rep.	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.2114
Sweden	Krone	8.016
Switzerland	Franc	2.184
Syria	Pound	5.925
Taiwan	Dollar (O)	40.26
Tanzania	Shilling	12.35
Thailand	Baht	23.498
Togo Rep.	C.F.A. Franc	415.10
Tonga Is.	Pa'anga	1.0962
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.726
Turkey	Lira	968.85
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.6962
Uganda	Shilling (1st)	930.39
	Shilling (2nd)	317.44
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.448
Upper Volta	C.F.A. Franc	415.10
Uruguay	Peso	44.89
U.S.S.R.	Rouble	0.783
Vanuatu	Vatu	101.57
Vatican	Lira	1656.50
Venezuela	Bolivar (5)	5.15
	Bolivar (6)	9.03
	Bolivar (7)	12.41
Vietnam	Dong (O)	9.9263
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.697
Yemen PDR	Dinar	0.6463
Yugoslavia	Dinar	124.79
Zaire Rp.	Zaire	27.0017
Zambia	Kwacha	1.2242
Zimbabwe	Dollar	1.1018

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (s) Commercial rate. (f) Financial rate. (1) Israel: Devalued approximately 23 per cent October 11. (2) Madagascar: September 30, devalued by 10.25 per cent. (3) Ghana: Central Bank announced devaluation of approximately 90.8 per cent effective October 11. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three-tier system has developed. This rate is for all essential imports. (6) Venezuela: Non essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71. (9) Costa Rica: November 11. Central Bank unified the exchange rate. (10) Brazil: November 22. Brazil Central Bank devalued effective November 23. (11) Jamaica: November 23. Government adjusted official rate. (12) Bolivia: November 17 Central Bank devalued.

For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

Fine terms on £100m credit for Ireland

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

IRELAND has won very fine terms for a £100m, 10-year credit it is raising in the City through Allied Irish and Lloyds Bank International.

Terms of the credit suggest that there is still considerable depth to the market for sterling syndicated loans, which was first revealed by Sweden's £500m jumbo credit earlier this autumn. Not only is the maturity on the new Irish credit long at 10 years; the margins are also fine, starting at ⅛ per cent for the first three years and rising to ½ per cent thereafter. Repayments begin after a grace period of 6½ years.

Unlike the recent £100m deal for France's state financing concern Credit National, which was assembled on a club basis, Ireland plans a general syndication for its new credit. This will test the interest of smaller banks in participating in such deals, but there is understood already to have been keen interest at the lead manager level.

Terms of the deal show that Ireland is benefiting from the general easing of conditions for North European sovereign borrowers in the syndicated loan market. The margins are finer than those on its $500m credit arranged in the spring through Citicorp. That deal bore a margin of ½ per cent over Eurodollars for three years rising to ⅝ per cent for the next five. Lenders also had an option to contribute funds at a ¼ per cent over U.S. prime rate.

WEEKLY U.S. BOND YIELDS (%)

	Dec 7	Nov 30	1983 High	1983 Low
Composite Corp. AAA	12.25	12.05	12.59	10.62
Composite Corp. AA	12.42	12.18	12.83	10.78
Government:				
Long-term	11.68	11.48	11.89	10.18
Intermediate	11.60	11.34	12.03	9.83
Short-term	10.81	10.70	11.28	9.21
Municipal	N.A.	9.86	9.86	8.72
Industrials AAA	11.96	11.79	12.38	10.51
Industrials AA	12.25	12.04	12.62	10.72
Utilities AAA	12.55	12.31	12.81	10.73
Utilities AA	12.59	12.32	13.05	10.85
Preferred Stocks	11.36	11.23	11.41	10.59

Source: Standard & Poor's

EUROBONDS

Two notes highlight attraction of FRNs

By Mary Ann Sieghart in London

HYDRO QUEBEC and Creditanstalt-Bankverein both launched floating rate notes in the Eurodollar bond market yesterday on terms which illustrated the differences between fixed and floating-rate investors.

In the fixed-rate market, the rating of the two borrowers would be broadly similar although Hydro Quebec might be able to obtain better terms.

But yesterday, Creditanstalt launched an FRN on terms substantially tighter than Hydro Quebec and the bond was still better received by the market. The reason is largely that banks are the main investors in FRNs and they like to buy paper issued by other banks.

Creditanstalt's $100m 10-year floater pays ⅛ point over the six-month London interbank offered rate (Libor) at par with total front-end fees of just ⅛ per cent. This gives an all-in cost to the borrower of only 0.175 per cent over Libor.

Morgan Stanley is leading the deal with Credit Suisse First Boston, European Banking Company, Samuel Montagu and SBC International. It traded at a tiny 0.15 per cent discount.

Hydro Quebec's $200m deal is also for 10 years, paying ¼ point over six-month Libor at par, but the front-end fees are a full 1 per cent. This makes the all-in cost 0.225 per cent. Credit Suisse First Boston is lead manager and the pre-market price of the bond was about 99.55.

It is Hydro Quebec's first floater and shows how useful this market could be for non-bank, non-sovereign names. The proceeds of the issue will be used to repay existing more expensive bank borrowing which costs ⅜ per cent over Libor for seven years.

There were no new fixed-rate dollar issues and minimal turnover in the secondary market. Prices closed unchanged.

Middle European Gas Pipeline (Megal) launched a DM 150m bond yesterday through Dresdner Bank. The 10-year issue pays 8¼ per cent at a price of 99¼. It traded just outside its selling concession at a discount of about 1⅝ points.

GTE Finance revived the Swiss franc/dollar dual currency sector yesterday with its second such bond in four months. This time, though, the coupon – at 9 per cent – is higher than other issues. The company will raise at least SwFr 100m.

Sweden's Y20bn Samurai bond was given a 7.7 per cent coupon at a price of 99¾ by Nomura Securities yesterday.

Secondary market prices drifted off slightly in Germany but closed unchanged in Switzerland in a day of low turnover.

BHF Bank bond average

Dec 8		Previous
98.233		98.261
High	1983	Low
102.017		97.699

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for December 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10⅞ 90	100	93⅞	94⅜	0	-0⅛	11.64
Australia Comm 11¼ 90	100	100⅝	101⅛	0	-0¼	11.82
Australia Comm 11½ 95	300	95⅞	96⅜	-0½	-0¾	12.12
Australia Comm 11⅝ 98	100	96¾	97¼	0	-0⅜	12.06
Bank of Tokyo 11 90	100	94	94½	0	-0½	12.33
British Col Hyd 10⅝ 88	200	98⅛	98⅝	0	-0⅛	11.33
Brinell Fin 11⅛ 90	125	99⅜	99⅞	0	-0¼	11.54
Canada 10⅞ 88	500	98⅝	98⅞	0	-0⅛	11.24
C.C.C.E. 11¾ 97	100	92⅝	93⅛	-0⅛	-0⅜	12.91
C.C.C.E. 12⅝ 95	15	98⅝	99⅛	0	-0¼	12.79
Can Imp Bk Com 11 90	75	92¼	92¾	0	-0⅝	12.75
Citicorp O/S 10⅝ 90	100	90⅝	91⅛	0	-0¾	12.49
Citicorp O/S 11¾ 90	100	96⅝	97⅛	-0⅛	0	12.43
Cred Suisse BAH 10½ 90	150	98¼	98¾	-0⅛	-0⅛	10.82
Den Norsk Cred 11⅛ 93	50	92⅞	93⅜	0	-0⅛	12.50
E.C.S.C. 11⅞ 90	75	98⅜	99⅜	-0⅛	-0⅜	12.04
E.D.F. 11⅛ 93	100	91⅞	91⅞	-0⅛	-0⅛	12.67
E.E.C. 11 87	350	98¼	98¾	-0⅛	-0⅜	11.48
E.I.B. 10¾ 93	200	91⅛	91⅝	-0⅛	-0½	12.32
E.I.B. 11 91	125	94⅞	94⅞	-0⅛	-0⅜	12.13
Exportfinans 11⅛ 90	100	99⅛	98⅝	0	-0⅛	12.30
Electrolux 10½ 90	50	92⅛	93	+0⅛	+0½	12.14
Euratom Fin 11⅝ 93	100	95½	96	-0⅛	-0½	12.38
Fuji Int Fin 10⅞ 90	100	92⅛	93⅜	-0⅜	-0¾	12.67
GMAC O/S Fin 11⅞ 90	100	99	99½	0	0	11.62
Honeywell Int 10¾ 90	100	95⅛	96⅜	+0⅛	-0¼	11.68
Indust Bk Japan 10½ 88	100	96⅞	97⅜	-0⅜	-0¼	11.71
Indust Bk Japan 11⅞ 91	100	97⅜	97⅞	0	-0½	12.35
In Finance 11½ 89 WW	125	97⅞	98⅜	0	+0½	11.95
Japan Air Lines 10⅞ 90	42	91⅛	91⅝	0	-0⅜	12.13
Japan Air Lines 11 93	75	94⅛	94⅝	0	-0½	11.89
J.C. Penney 11⅞ 90	100	99⅞	100⅜	0	0	11.83
J. P. Morgan 11⅞ 90 WW	150	96⅝	97⅛	-0⅛	-0⅛	12.02
Levi Strauss Int 11 90	75	95⅝	96⅛	0	-0½	11.91
L.T.C.B. 10⅝ 90	100	92⅛	92⅝	-0⅛	-0⅜	12.58
L.T.C.B. 12½ 89	85	100⅛	100⅝	0	-0½	12.36
Merrill Lynch 10½ 90	200	93⅝	94⅛	0	-0¼	12.02